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No. 296

PANHANDLE EASTERN PIPE LINE COMPANY, ILLINOIS NATURAL GAS COMPANY AND MICHIGAN GAS TRANSMISSION CORPORATION, PETITIONERS.

US.

FEDERAL POWER COMMISSION, CITY OF DETROIT, COUNTY OF WAYNE, MICHIGAN, ET AL.

ON WHIT OF CERTIONARI TO THE UNITED STATES CIRCUIT COURT

PETITION FOR CERTIORARI FILED JULY 28, 1941.

CERTIORARI GRANTED JANUARY 3, 1945.

VOL. XVI. TRANSCRIPT OF RECORD.

United States Circuit Court of Appeals EIGHTH CIRCUIT.

No. 12,466

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Stay pending further hearing of application therefor	10000	7181	
Order of United States Circuit Court of Appeals granting		1101	
Stay of Order of Federal Power Commission dated Septem-			
ber 23, 1942, requiring reduction in rates and charges for gas			
furnished by Petitioners, etc.		7182	
Order of United States Circuit Court of Appeals appointing		, for	
John G. Hughes as Custodian of Funds to be impounded	1	and a	
	16001	7184	
under provisions of Stay Order	16991	1101	
of record to be printed and fixing time for filing designations		7105	
therefor	10992	.7180	
Order of United States Circuit Court of Appeals instructing			
Custodian as to manner of handling funds and securities in		7100	
his possession	16993	7186	
Order of United States Circuit Court of Appeals authorizing			
Custodian to purchase certain securities as investments	16995	7187	
Order of United States Circuit Court of Appeals directing		5	
Petitioners to pay to Custodian certain sums to cover			
Bond premium, etc	16997	7188	
Order of United States Circuit Court of Appeals requiring	3		
Custodian to set up Account No. 1 and Account No. 2, etc.	16999	7189	
Order of United States Circuit Court of Appeals authorizing			
Custodian to purchase certain securities, etc		7190	
Stipulation that coloring matter appearing on certain Ex-		. 4	8
hibits may be omitted from copies inserted in printed		4.	
record, etc.	17003	7191	
1		-	
The state of the s	3 25		
Appearances of Counsel for Petitioners	3 7193		-
Appearances of Counsel for Respondents	5 .7194		
Order of Submission 71	19 7190		
Order for Resubmission of Case 72	10 4 7198		
Order resetting case for argument	1 719		il.
Order of Resubmission 720	92 - 7197	7	
Opinion, U. S. Circuit Court of Appeals	33 7198	3 , 4	
Judgment, U. S. Circuit Court of Appeals	26 7219	9	
Clerk's Certificate to Transcript 72	28 7220	9	

VVXIII

Order allowing certiorari

YALE & TOWNE MANUPACTURING COMPANY

for Year		2
Price -Range	8	
0		
		0
Outstanding	ecember 31	to Street

Common Stock (\$25 par)

INDICATED VARKET VALUE OF CAPITAL

486,656 shs.

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

Net Income for year ended December 31, as reported

EARNINGS AVAILABLE POR CAPITAL

Beclared on Common Stock

SECTION IV

WORKING PAPERS SHOWING THE COMPUTATION OF

INVESTORS! APPRAISAL OF THE RISKS OF CAPITAL" IN THE NATURAL GAS INDUSTRY

AS COMPARED WITH OTHER DIVISIONS OF THE UTILITY INDUSTRY

POR THE PULL YEAR 1941

AIREADY PILED IN THESE PROCEEDINGS AS EXHIBITS NOS. 63 AND 64 SUPPLEMENTAL TO DATA FOR THE YEARS 1937, 1938, 1939 AND 1940

.. Begin on Page 25 .. Begin on Page 36 ... Regin on Page .Begin on Page MANUPACTURED AND MIXED GAS COMPANIES. ELECTRIC OPERATING UTILITY COMPANIES. WATER COMPANDES NATURAL GAS COMPANIES

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Exhibit 254	8	R THE YEAR 194	TER COMPAN
Q,		2	.0
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	ORS' APPRAISAL OF RISES OF CAPITA		
	-		*
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Bridgeport Hydraulic Co. Elitabeth Water Co. Cons.

Hackensack Water Company

Middlesex Water Co.

Plainfield-Union Water 59.

Stanford. Water Co.

TOTALS

Exhibit 254 !

BRIDGEPORT HYDRAULIC COMPANY

INDICATED MARKET VALUE OF CAPITAL	Outstanding December 31	Price Range for Year High Los Average	<u>Value</u>		
(a) Common Stock (\$20 par)	360,000 shs.	37 29 33.00	\$11,880,000		
(b) "H" 3 1/4's, 1968	\$1,490,000	106.00	1,579,400		
(c) "I" 3 3/8's, 1974	4,971,000	108.00	5,368,680		
(d) "J" 3's, 1970	\$ 500,000	104.04	520,200		
Total Indicated Market Val	lue		\$ <u>19.348.280</u>		
Net Income for year ended Dece as reported Add: Interest and Amortization	,		\$686,051 230,899		
Total Earnings Available f	age of the said and and and and and and and and and an		\$916,950		

Notes: (a) Quotations from National Quotation Bureau.

(b) Price estimated: Sold privately in June, 1938, by Lee Higginson Corp. \$106 is call price.

(c) Price estimated. Sold privately in July 1, 1939.

(d) Price estimated. Sold privately in 1940 at \$104.04.

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

ELIZABETHTOWN WATER COMPANY CONSOLIDATED

	Outstanding December 31	Price Range	for Year	Value
INDICATED MARKET-VALUE OF CAPITAL		. 6.0		
(a) Capital Stock (\$100 par)	39,342 sha	114 105	109.50	\$4,307,949
(a) Raritan Township Water 5's, 1960"	3104,000	103 103	103.00	107,120
Total Indicated Market Value		•		\$4:415.069

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported

Add: Deductions from Gross Corporate Income (mainly bond interess)

Total Earnings Available for Capital

\$370,336

6,828

\$377,164

INVESTORS APPRAISAL OF RISKS OF CAPITAL

8.545

Note: (a) Quotations from National Quotation Bureau.

HACKENSACK WATER COMPANY

	9 04 1				
	Outstanding	Price Range	for Year		
	Dec. 31, 1940	High Low	Average Value		
INDICATED MARKET VALUE OF CAPITAL					
(a) Common Stock (\$25 par)	307,500 sha.	33 23 3/4	28.38 \$ 8,726,850	1	
(a) 7% Cum. Prof. Stock -A (\$25 par)	60,000 shs.	38 33	35.50 2,130,000		
(b) Mtge. Bonds Ser. A 3 1/2's, 1968 . \$	14,350,000	• •	105.25 6 15,103,375		
Total Indicated Narket Value		•	25,960,225		

EARNINGS AVAILABLE FOR CAPITAL

- (c) Net Income for year ended June 30, 1941
- (c) Add: Interest. on Funded Debt Amortization of Debt Discount, etc. Taxes assumed on Interest a
 - Total Earnings Available for Capital

INVESTORS ' APPRAISAL OF RISKS OF CAPITAL

982,722

501,397 24,365 838

31,509,322

Notes: (a) Listed on New York Stock Exchange.

(b) Price estimated. Sold privately in October, 1938, at 105.25.
(c) Computed by adjusting earnings for the calendar year 1940 to give effect to increased net income and decreased interest charges reported for the first six months of 1941 as compared with the first six months of 1940.

MIDDIESEX WATER COMPANY

	Outstanding December 31	Price Range		Value
INDICATED MARKET VALUE OF CAPITAL				
(a) Common Stock (no par)	23,500 shs.	51 46	.48.50	1,139,750
(a) 7% Cum. Pref. (\$100 par)	2,500 shs.	125 112.	118.50	296,250
(a) Cons. Mtge. 5's, 1956	3 32,000	110 105	107.50	34,400
(c) let & Ref. 3 3/4's, 1964	1,668,000		100.00 * *	1,668,000
Total Indicated Market Value				3,138,400

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31,

Add: Interest on Funded Debt Amortization of Debt Discount :

Total Barnings Available for Capital

\$132,078 64,155 2,555

-6.33

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

Notes: (a) Quotations from National Quotation Bureau.

(c) Price estimated. Sold privately to two insurance companies on October 2, 1939.

NEW	HAVEN	WATER	COMPANY
- Principles and Company	STATE OF THE OWNER, WHEN THE PARTY OF THE PA	The Associated Street,	

	Outstanding December 31	Price Range for Yea	r e Value
INDICATED MARKET VALUE OF CAPITAL			
(a) Common Stock (\$50 par)	140,000 shs.	80 60 . 70:0	0 3,9,800,000
(b) Gen. & Ref. "A" 3 1/4's, 1962	\$3,960,000	102.0	0 4,039,200
(c) Gen. & Ref. "B" 3 1/4's, 1975	1,800,000	_ 102.0	0 1,836,000
(d) Gen. & Ref. "C" 3 1/8's, 1976	550,000	100.0	0 550,000
(a) lst & Ref. "D" 4 1/2's, 1983	400,000	112 108 1/2 110.9	5 441,000
Total Indicated Market Value of Co	apital		316.666.200
Net Income for year ended December 31	as reported		\$529.316
Add: Interest on Long-Term Debt Amortization of Debt Discount (of of year-ends, balance sheet item account as "Other Non-Operating	ns included in inco	ig, 83	227,984
Total Earnings Available for Oppi	tal		\$793,041
INVESTORS APPRAISAL OF RISKS OF CAPITAL			4.53

(a) Quotations from National Quotation Eureau.
(b) Price estimated. Sold privately in June, 1937.
(c) Price estimated. Sold privately in June, 1940.
(d) Price estimated. Sold privately in August, 1941.

PLAINFIELD-UNION WATER COMPANY

	9 4 1					
		Outstanding Sept. 30, 1941	Price High	Range	for Year	Value
INDICATED MARKET VALUE OF CAPITAL		. 6				
(a) Capital Stock (no par)	**	57,230 shs.	92	74	83.00	\$4,750,060
(b) det Mtge. Ser. A, S 1/4's, 1971		\$1,950,000			104.92	2,045,940
Total Indicated Market Value	4				1	\$6,796,030

EARNINGS AVAILABLE FOR CAPITAL

Not Income for year ended December 31, as reported

Add: Interest on Long Term Debt Amortisation Deductions

Total Earnings Available for Capital

\$292,160

63,063 (1,664)

\$353,579

INVESTORS ' APPRAISAL OF RISKS OF CAPITAL

5.20%

Notes: (a) Quotations from National Quotation Eureau.

(b) Entire issue sold privately on April 1, 1941, at 104.92 to three insurance companies. The proceeds were used to retire \$1,250,000 lst Mtge. Series A 5's, due 1961.

Parentheses indicate red figures.

STAMFORD WATER COMPANY

1
Outstanding Price Range for Year December 31 High Low Average Value
100,000 shs 44 1/2 40 42.25 \$4,225,000
\$400,000 129 118 123.50 494,000
34.719,000

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported

Add: Interest requirements on bonds

Total Earnings Available for Capital.

\$173,876

20,000

\$193.878

INVESTORS! APPRAISAL OF RISKS OF CAPITAL.

4.11%

Note: (a) Quotations from National Quotation Bureau,

Exhibit 254

INVESTORS! APPRAISAL OF RISKS OF CAPITAL

FOR THE YEAR 1941

ELECTRIC UTILITY OPERATING COMPANIES

Indicated Market Value of Capital Amount For the 12 Amount Of Risks of Capital			•	Distribut:	vailable for lon to Capital	Investors
Bangor Hydro-Electric Co. \$ 19,203,858 \$ 1,007,746 December 31, 1941 5.25% Boston Edison Co. \$ 122,865,765 7,695,210 December 31, 1941 6.28 Central Hudson Cas & Elec. Corp. \$ 38,397,000 2,010,129 December 31, 1941 5.24 Cleveland Elec. Illuminating Cd. \$ 164,974,837 8,590,374 December 31, 1941 5.21 Commonwealth Edison Co. \$ 666,043,670 39,204,117 December 31, 1941 5.57 Consolidated Edison Co. \$ 36,970,029 2,060,911 December 31, 1941 5.57 Consolidated Edison Co. of N. Y. \$ 948,127,686 52,410,740 December 31, 1941 5.53 Consolidated Gas Elec. Lt. & Pwr. Co. of Baltimore 181,280,332 9,174,115 December 31, 1941 5.06 Detroit Edison Co. \$ 279,434,722 18,632,220 December 31, 1941 6.67 Duke Power Co. \$ 113,067,623 7,123,196 December 31, 1941 6.30 Hartford Electric Light Co. \$ 4,225,400 2,724,423 December 31, 1941 5.02 Pacific Gas & Electric Co. \$ 666,206,676 35,259,364 December 31, 1941 5.29 Pennsylvania Water & Power Co. \$ 45,586,567 2,980,986 December 31, 1941 5.59 Tampa Electric Co. \$ 13,800,102 1,484,041 December 31, 1941 5.59	Company			Amount		of Risks
Boston Edison Co. 122,585,785 7,695,210 December 31, 1941 6.28 Central Rudson Gas & Elec. Corp. 38,397,000 2,010,129 December 31, 1941 5.24 Cleveland Elec. Illuminating Cd. 164,974,837 8,590,374 December 31, 1941 5.21 Commonwealth Edison Co. 666,043,670 39,204,117 December 31, 1941 5.89 Connecticut Power Co. 36,970,029 2,060,911 December 31, 1941 5.57 Consolidated Edison Co. of N. Y. 948,127,686 52,410,740 December 31, 1941 5.53 Consolidated Gas Elec. Lt. & Per. 181,280,332 9,174,115 December 31, 1941 5.06 Detroit Edison Co. 279,434,722 18,632,220 December 31, 1941 6.67 Duke Power Co. 113,067,623 7,123,196 December 31, 1941 6.30 Hartford Electric Light Co. 54,223,400 2,724,423 December 31, 1941 5.02 Pacific Gas & Electric Co. 866,208,676 35,259,364 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,586,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,616 17,781,115 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 5.59	(1)	(2)		(3)	(4)	5=3+2
Central Hudson Gas & Elec. Corp. 38,397,000 2,010,129 December 31, 1941 5.24 Cleveland Elec. Illuminating Cd. 164,974,837 8,590,374 December 31, 1941 5.21 Commonwealth Edison Co. 666,043,870 39,204,117 December 31, 1941 5.89 Connecticut Power Co. 36,970,029 2,060,911 December 31, 1941 5.57 Consolidated Edison Co. of N. Y. 948,127,686 52,410,740 December 31, 1941 5.53 Consolidated Gas Elec. Lt. & Pwr. Co. of Baltimore 181,280,332 9,174,115 December 31, 1941 5.06 Detroit Edison Co. 279,434,722 18,632,220 December 31, 1941 6.67 Duke Power Co. 113,067,623 7,123,196 December 31, 1941 6.30 Hartford Electric Light Co. 54,223,400 2,724,423 December 31, 1941 5.02 Pacific Gas & Electric Co. 866,208,676 35,259,364 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,586,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,616 17,761,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 10.75	Bangor Hydre-Electric Co.	\$ 19,203,858		1,007,746	December 31, 1941	5.25%
Cleveland Elec. Illuminating Cd. 164,974,837 8,590,374 December 31, 1941 5.21 Commonwealth Edison Co. 666,043,870 39,204,117 December 31, 1941 5.89 Connecticut Power Co. 36,970,029 2,060,911 December 31, 1941 5.57 Consolidated Edison Co. of N. Y. 948,127,686 52,410,740 December 31, 1941 5.53 Consolidated Gas Elec. Lt. & Per. Co. of Baltimore 181,280,332 9,174,115 December 31, 1941 5.06 Detroit Edison Co. 279,434,722 18,632,220 December 31, 1941 6.67 Duke Power Co. 113,067,623 7,123,196 December 31, 1941 6.30 Hartford Electric Light Co. 54,223,400 2,724,423 December 31, 1941 5.02 Pacific Gas & Electric Co. 666,206,676 35,259,364 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,586,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,616 17,761,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 5.59	Boston Edison Co.	122,565,765	•	7,695,210	December 31, 1941/	6.28
Commonwealth Edison Co. 666,043,670 39,204,117 December 31, 1941 5.89 Connecticut Power Co. 36,970,029 2,060,911 December 31, 1941 5.57 Consolidated Edison Co. of N. Y. 948,127,686 52,410,740 December 31, 1941 5.53 Consolidated Gas Elec. Lt. & Per. Co. of Baltimore 181,280,332 9,174,115 December 31, 1941 5.06 Detroit Edison Co. 279,454,722 18,632,220 December 31, 1941 6.67 Duke Power Co. 113,067,623 7,123,196 December 31, 1941 6.30 Hartford Electric Light Co. 54,223,400 2,724,423 December 31, 1941 5.02 Facific Gas & Electric Co. 666,208,676 35,259,364 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,586,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,816 17,781,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 10.75	Central Hudson Gas & Elec. Corp.	38,397,000		2,010,129	December 31, 1941	5.24
Connecticut Power Co. 36,970,029 2,060,911 December 31, 1941 5.57 Consolidated Edison Co. of N. Y. 948,127,686 52,410,740 December 31, 1941 5.53 Consolidated Gas Elec. Lt. & Pwr. Co. of Baltimore 181,280,332 9,174,115 December 31, 1941 5.06 Detroit Edison Co. 279,434,722 18,632,220 December 31, 1941 6.67 Duke Power Co. 113,067,623 7,123,196 December 31, 1941 6.30 Hartford Electric Light Co. 54,223,400 2,724,423 December 31, 1941 5.02 Pacific Gas & Electric Co. 566,208,676 35,259,364 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,586,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,816 17,781,115 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941	Cleveland Elec. Illuminating Cd.	164,974,837		8,590,374	December 31, 1941	5.21
Consolidated Edison Co. of N. Y. 948,127,686 52,410,740 December 31, 1941 5.53 Consolidated Gas Elec. Lt. & Pwr. Co. of Baltimore 181,280,332 9,174,115 December 31, 1941 5.06 Detroit Edison Co. 279,434,722 18,632,220 December 31, 1941 6.67 Duke Power Co. 113,067,623 7,123,196 December 31, 1941 6.30 Hartford Electric Light Co. 54,223,400 2,724,423 December 31, 1941 5.02 Pacific Gas & Electric Co. 666,208,676 35,259,364 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,586,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,816 17,781,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 10.75	Commonwealth Edison Co.	666,043,670		39,204,117	December 31, 1941	5.89
Consolidated Gas Elec. Lt. & Per. Co. of Baltimore 181,280,332 9,174,115 December 31, 1941 5.06 Detroit Edison Co. 279,454,722 18,632,220 December 31, 1941 6.67 Duke Power Co. 113,067,623 7,123,196 December 31, 1941 6.30 Hartford Electric Light Co. 54,225,400 2,724,423 December 31, 1941 5.02 Pacific Gas & Electric Co. 666,208,676 35,259,364 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,588,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,816 17,781,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 10.75	Connecticut Power Co.	36,970,029		2,060,911	December 31, 1941	5.57
Co. of Baltimore 181,280,332 9,174,115 December 31, 1941 5.06 Detroit Edison Co. 279,434,722 18,632,220 December 31, 1941 6.67 Duke Power Co. 113,067,623 7,123,196 December 31, 1941 6.30 Hartford Electric Light Co. 54,223,400 2,724,423 December 31, 1941 5.02 Pacific Gas & Electric Co. 666,208,676 35,259,364 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,586,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,816 17,781,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 10.75	Consolidated Edison Co. of N. Y.	948,127,686		52,410,740	December 31, 1941	5.53
Duke Power Co. 113,067,623 7,123,196 December 31, 1941 6.30 Hartford Electric Light Co. 54,223,400 2,724,423 December 31, 1941 5.02 Pacific Gas & Electric Co. 666,208,676 35,259,364 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,586,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,816 17,781,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 10.75		181,280,332	1 .	9,174,115	December 31, 1941	5.06
Hartford Electric Light Co. 54,223,400 2,724,423 December 31, 1941 5.02 Pacific Gas & Electric Co. 566,206,676 35,259,384 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,586,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,816 17,781,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 10.75	Detroit Edison Co.	279,434,722		18,632,220	December 31, 1941	6.67
Pacific Gas & Electric Co. 666,208,676 35,259,384 December 31, 1941 5.29 Pennsylvania Water & Power Co. 45,886,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,816 17,781,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 10.75	Duke Power Co.	113,067,623		7,123,196	December 31, 1941	6.30
Pennsylvania Water & Power Co. 45,886,567 2,980,986 December 31, 1941 6.54 Southern California Edison Co. 317,949,816 17,781,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 10.75	Hartford Electric Light Co.	54,223,400		2,724,423	December 31, 1941	5.02
Southern California Edison Co. 317,949,816 17,781,113 December 31, 1941 5.59 Tampa Electric Co. 13,800,102 1,484,041 December 31, 1941 10.75	Pacific Gas & Electric Co.	666,208,676		35,259,364	December 31, 1941	5.29
Tampa Electric Co	Pennsylvania Water & Power Co.	45,586,567		2,980,986	December 31, 1941	6.54
	Southern California Edison Co.	317,949,816		17,781,113	December 31, 1941	5.59
Totals \$3,667,834,283 \$208,138,685 5.67%	Tampa Electric Co.	13,800,102		1,484,041	December 31, 1941	10.75
	Totals	\$3,667,834,283	. \$	208,138,685		5.67%

BANGOR HYDRO-ELECTRIC. COMPANY

	Outstanding December 31		nge for Year		
INDICATED MARKET VALUE OF CAPITAL		•		•	
(a) Common Stock (,25 par)	217,216 shs.	21 7/8	16 18.94	4,114,071	
(a) 76 Cum. Pfd. (\$100 pap)	25,000 shs.	143	137 140.00	3,500,000	
(a) 65 Cum. Pfd. (\$100 par)	21,799 shs.	115	111 113.00	2,463,287	
lat Mtge. 3 3/4's, 1966	\$7,108,000	114	111 112.50	7,996,500	
(b) lat Mtge. 3 1/2's, 1963	600,000		105.00	630,000	
(c) lst Mtge. 378, 1966	500,000		100.00	500,000	
Total Indicated Market Value			es.	19,203,858	
	- /		-		
EARNINGS AVAILABLE FOR CAPITAL					

Net Income for year effed December 31, as reported

Add: Interest on Funded Debt -Amortization of Debt Discount, Premium and Expense

Total Earnings Available for Capital

691;517

299,862 16,367

.007.746

INVESTORS ' APPRAISAL OF RISKS OF CAPITAL

(a) Quotations from National Quotation Bureau.
(b) Price used is call price. Sold privately in March, 1938, at 102 3/4.

(c) Price estimated. Sold privately in March, 1941.

BOSTON EDISON COMPANY

Outstanding	Price	Range	for Ye	ar	
December 31	High	LOW	Aver		Value

INDICATED MARKET VALUE OF CAPITAL

(a) Capital Stock (\$25 par)

2,468,656 shs. 35

20 1/4 27.63 3 68,208,965

lat Mtge. 2 3/4's, 1970

\$53,000,000

105 100 1/8 102.56 54,356,800

Total Indicated Market Value

\$122,565,765

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported

Add: Interest on Funded Debt Write-off of Bond Refinancing Charges

(b) Less: Amortization of Bond Premium

Total Earnings Available for Capital

\$6,006;126

1,467,438 274,275

(52,629)

7.695,210

6.20%

· INVESTORS ' APPRAISAL OF RISKS OF CAPITAL

(a) Listed on Boston Stock Exchange.

(b) Estimated by Standard & Poor's Corp.

Parentheses indicate red figures. .

Exhibit 254

CENTRAL HUDSON GAS & ELECTRIC CORPORATION

				1
	Outstanding Pecember 31	Price Range for	Year Average	Velue :
INDICATED MARKET VALUE OF CAPITAL	1		- /	
Common Stock (no par)	1,500,000 shs.	13 5/8 5 3/8	9.50	14,250,000
(a) 4 1/2% Cum. Prd. (\$100 par)	70,300 shs. 1	15 110	112.50	7,908,750
(b) lat Mtge. 3's, 1971	13,265,000		105.00	13,928,250
(c) lat & Ref. Mtge. 3's, 1970	2,200,000		105.00	2,310,000
Total Indicated Earket Value			/	38,397,000

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31. as, reported

Add: Interest on Bonds

Deduct: Amortization of Bond Premium (net)

Total Earnings Available for Capital

\$1,463,928

555,708

2,019,636

9,507

\$2,010,129

INVESTORS . APPRAISAL, OF RISKS OF CAPITAL

Notes: (a) Quotations from National Quotation Bureau.
(b) Sold privately to seven institutional buyers on May 2, 1941, at 105. Proceeds were used to refund 3 1/2's due 1965 and 1907.

. (c) Price Estimated. Sold privately in 1940 at 101.

Exhibit, 254 CLEVELAND ELECTRIC ILLUMINATING COMPANY

	1	4 1		
- /	Outstanding Price High	Range fo	Average V	alue
INDICATED MARKET VALUE OF CAPITAL				1.
(a) Common Stock (no par)	2,324,564 shs. 41	30	35.60 \$ 82,	522,022
(b) \$4.50 Cum. Pfd. (no par)	254,989 shs. 115	109 5/8	112.31 28,	637,815
1st Mtge. 3's. 1970	\$50,000,000 110 1/4	105	107.63 53,	615,000
Total Indicated Market Value			\$164.	974.637
	4.			

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported

. Add: Interest on Funded Debt .
Americation of Bond Premiums (net)

Total Earnings Available for Capital

7,056,586

1,500,000

8,590,374

"INVESTORS ' APPRAISAL OF HISKS OF CAPITAL

5.214

Notes: (a) Listed on New York Curb Exchange.
(b) Listed on New York Stock Exchange.

Exhibit 254

COMMONWEALTH EDISON COMPANY

INDICATED MARKET VALUE OF CAPITAL	Outstanding December 31	Price	Range for	Average	Value	
(a) Capital Stock (325 par)	12,718,616 shs.	30 1/8	50	25.06	\$318,728,517	
lst Mtge. Bonds "I", 3 1/4's, 1968	\$100,000,000	110 3/4	107 5/8	109.19	109,190,000	,
'(b) lst Mtge. Bonds "J", 3 1/4's, 1979	114,500,000			105.00	120,225,000	
(a) Conv. Deb. 3 1/2:s, 1959	26,155,400	119 3/4	107	113.38	29,654,993	
Pub. Serv. Co. of No. Ill 1st 3 1/2's, 1968	80,000,000	111 1/6	108 3/8	109.75	87,800,000	
(c) Commonwealth Elec. Co. 5's, 1943	152,000	108	106 .	107.00	162,640	0
Economy Lt. & Pr. Co. 1st Mtge. 5's, 1956 Total Indicated Market Value	228,000	128	120	124000	282,720	_
Total indicated market value					<u> </u>	
EARNINGS AVAILABLE FOR CAPITAL					15	
Net Income for year ended December 31	, as reported a			. 6 . 6	\$26,747,901	
Add: Interest on Funded Debt Amortization of Debt Discount an	d Expense		•	•	10,956,216	-
Total Earnings Available for Capi	tai		•		\$39,204,117	
INVESTORS APPRAISAL OF RISKS OF CAPITAL		*			5.89%	

Notes: (a) Listed on New York Stock Exchange.
(b) Price estimated. Sold privately in 1939 at 102.
(c) Quotations from National Quotation Eureau.

Exhibit 254

CONNECTICUT POWER COMPANY

	Outstanding December 31	Price Range for	Year Average Value
INDICATED MARKET VALUE OF CAPITAL			
(a) Common Stock (\$25 par)	862,791 shs.	54 3/4 28 1/2	41.63 \$27,591,989
lat Nige. 5's, 1956	455,000	133 123	128.00 582,400
(b) lat & Gen. "A" 3 3/4's, 1965	2,380,000	9	104.00 2,475,200
(c) let & Gen. "B" 3 1/4's, 1967	1,922,000		102.00 1,960,440
lst & Gen. "C" 3 1/4's, 1975	4,000,000	111 107	109:00 4,360,000
Total Indicated Narket Value			\$36.970.029

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported Add: Interest Charges, Amortization, etc. Total Earnings Available for Capital

\$1,776,316 284,595 \$2,060,911

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

Notes: (a) Quotations from National Quotation Bureau.

(b) Price used is call price. Sold privately October 1, 1935 to nine Hartford insurance companies at 102.

(c) Price used is call price. These bonds were sold privately January I, 1937 to seven insurance companies

COMSOLIDATED EDISON COMPANY OF NEW YORK, INC.

	Outstanding		Range fo		Walne /
INDICATED MARKET VALUE OF CAPITAL	December 31	High	Toe	yaelele	Value /
Common Stook (no par)	11,471,087 shs.	23 3/8	11 3/4	17.56	\$201,451,234
(a) 45 Cum. Prof. Stock (no nem)	2,184,390 shs.		82	94.69	206,839,889
(a) \$5 Cum. Pref. Stock (no par) 20 Yr. Deb. 5 1/2's, 1956	\$35,000,000	197 5/8	103	105.31	36,858,500
20 Yr. Debs. 3 1/2's, 1958.	30,000,000	111 3/4	106	108.88	32,664,000
10 Yr. Debs. 3 1/2's, 1948	60,000,000	107 1/2	104 3/4	106.13	63,678,000
10 Yr. Debs. 3 1/4's, 1946		105. 1/4	106	103.63	36,270,500
V.V. 744cm co. 2 3/44c 3000	35,000,000			108.44	59,631,156
N.Y. Edison Co. 3 1/4's, 1965	54,990,000		106 3/4		32,682,000
3 1/418, 1966	30,000,000	110 3/4	107 1/8	108.94	32,682,000
N.Y. Gas & Elec. Lt., Heat & Pwr.				200 00	10 307 500
Co. 5's, 1942	15,000,000	125 3/8	116	120.69	18,103,500
N.Y. Gas & Elec. Lt., Heat & Per.	/ :	-2- 21.	/.		07 007 450
Co. 4's, 1949	20,803,000	118 3/4	111 1/4	115.00	23,923,450
Edison Elec. Ill. Co. of N.Y. 5's,	. /				
1995	2,188,000	152	149 5/8	150.81	3,299,723
New Amsterdam Gas Co. 5's, 1948	9,806,000	121 1/2	114	117.75	11,546,565
N.Y. & East River Gas Co. 5's, 1944	3,500,000	112	105	108.50	
5's, 1945	1,500,000	113	110	111.50	1,672,500
Westchester Lighting Co. 5's, 1950	8,684,000	128 1/2	122	125.25	10,876,710
3 1/2 . 196		111	107 1/4	109.13	27,282,500
N.Y. & Westchester Ltg.Co. 4's, 2004		107 1/2	103	105.25	10,517,632
5's,1954		115 1/8	114	114.56	2,864,000
N.Y. Steam Corp. 3 1/2's, 1963	27,982,000	108 3/4	105	106.88	29,907,162
(b) Yonkers Elec. Lt. & Pwr. Co.	27,002,000	200 0/ 1			
3 1/2:0, 1950	9,515,000			104.00	9,895,600
Kings County Blec. Lt. & Per. Co.	0,020,000			20.00	
6's, 1997	E 107 000	170	161	165.50	8,478,565
	5,123,000	111 5/8		107.44	
Brooklyn Edison Co. 3 1/4's, 1966	55,000,000	111 3/6	102 174	104.00	4,409,600
(c) " 3's, 1968	4,240,000	0		104.00	4,400,000
(d) N.Y. & Queens E.L.& P.Co. 3, 1/4's,				105.00	10,500,000
1968	10,000,000			105.00	10,500,000
N.Y. & Queens E.L. P.Co. 3 1/2's,				220 00	07 467 000
1965	24,970,000	111 1/2	108 1/2	110.00	27,467,000
(e) Consol. Tel. & Elec. Subway Co.			. 0		050 400/
3 1/4's, 1960	13,710,000	•		104.00	14,258,400
					\$948,127,686
Total Indicated Market Value					\$5 40.1E(,000
ELEVENCE AVAILABLE DES CARTAL					
EARNINGS AVAILABLE FOR CAPITAL				///	\$33,920,911
Net Income for year ended December	oi, as reported	2.7			17,719,877
Add: Interest on Funded Debt	4.				769,952
Amortisation of Debt Discount,	Other Interest,	etc.		+ (1	1.00,00
Total Farnings Available for Ca	nital				\$52,410,140
		4 FF - 6 - 6			
INVESTORS! APPRAISAL OF RISKS OF CAPITAL	4		è		5.53%

(a) Listed on New York Stock Exchange.

(b) Price used is call price. Sold privately in August, 1938, to three insurance companies at 101 3/4.

(c) Price used is call price. Sold privately in December, 1938, to insurance companies at 101.

(d) Price used is call price. Sold privately in May, 1938, to insurance companies at 101.

(e) Price estimated. Sold privately in January, 1940, to insurance companies at a price to yield 3.10% or approximately 102.22.

E hibit 254

CONSOLIDATED GAS, ELECTRIC LIGHT & POWER COMPANY OF BALTIMORE

				9 4	1			
INDICATED MARKET VALUE OF CAPITAL	Outstand December		Pr:	Loo Rang		Year Average	<u>Va lue</u>	
(a) Common Stock (no par)	1,167,397	shs.	73	39	1/2	56.25	\$65,666,081	•.
(a) 4 1/2% Pref. Series "B"	222,921	she.	119 1,	4 110	1/4	114.75	25,580,185	
(a) 4% Pref. Series "C"	68,928	shs.	111 1,	4 105	*	108.13	7,453,185	
let Ref. Mtge. S.FN-3 1/4's, 1971	21,495,000		112 5	/8 107	3/4	110.19	23,685,341	
(c) lat Ref. Mtge. S.F0-3 1/4's, 1968	28,440,000					110.00	31,284,000	
lst Ref. Mage. S.FP-3's, 1969	7,000,000		111	105	1/4	106.13	7,569,100	
(b) lat Ref. Mtge. S.FQ-2 3/41s, 1976	12,000,000	•	106	100	1/4	103.13	12,375,600	
Consol.Gas Co. of Balt. City 4 1/2's, 1954	6,100,000		128 1,	/4 122	5/8	125.44	7,651,840	•
(d) Indebtedness to Mayor, City Gouncii of Laurel, Maryland	15,000		0			100.00	15,000	
Total Indicated Market Value							181,280,332	
EARNINGS AVAILABLE FOR CAPITAL	1.		1.			Į.	1	
Net Income for year ended December 3	l as repor	ted	3				\$6,701,383	
Add: Interest and Amortization on Bo	1.			/		•	2,472,732	
Total Earnings Available for Cap				. /			\$9,174,115	
INVESTORS APPRAISAL OF RISKS OF CAPITAL		: .					5.064	- 1

⁽a) Listed on New York Curb Exchange.
(b) Offered in January 1941 - \$12,000,000 at 103 1/2 and interest. \$5,850,000 of proceeds used to refund like principal amount of Series "k" 3 1/2's, 1965.

⁽c) Price estimated. Sold privately in June, 1938, to a small group of insurance companies.

Price estimated.

DETROIT EDISON COMPAN

	Outstanding	Price	Range fo	r Year	
	December 31	High	LOW	TAGLETO	<u>Value</u>
NDICATED MARKET VALUE OF CAPITAL			3		1
(a) Capital Stock (\$20 par)	6,361,300 shs.	23 1/4	16 5/8	19.94	\$126,844,322
Ref. Mtge. Series "F", 4's, 1965	\$40,000,000	112 1/4	106 1/8	110.19	53,993,100
• • • • • • • • • • • • • • • • • • •	35,000,000	112 3/8	109	110.69	38,741,500
	50,000,000	107 1/2	102 3/8	104.94	52,470,000
(b) Construction Notes, 2 1/41s, due serially to 1945	7,045,000			100.00	7,045,000
Great Lakes Power Co. 6's, 1943	320,000	108 .	105	106.50	340,800
Total Indicated Market Value			1		\$279.434.72
RNINGS AVAILABLE FOR CAPITAL	1				
Het Income for year ended December	31, as reported				\$12,445,156
Add: Interest on Funded Debt and Co Amortisation of Debt Discount	mstruction Notes	./.		•	5,298,316 890,74
Total Barnings Available for Ca	pital		. 44	1	\$18.832.220
NVESTORS APPRAISAL OF RISKS OF CAPITAL					6.67

⁽a) Listed on New York Stock Exchange. Par Value changed from \$100 to \$20 on March 25, 1941. Five new shares were issued for each old one.
(b) Price estimated. Interest rate reduced to 2 1/4% on May 1, 1941.

Exhibit 254 DUKE POWER COMPANY

	Outstanding December 31	Price Range	for Year Average	
INDICATED MARKET VALUE OF CAPITAL	(0)			
Common Stock (\$100 par)	1,010,048; she.	76 1/4 67	71.63	\$72,349,738
(a) 7% Cum. Prd. (\$100 par)	2,837 shs.	105 105	105.00	297,885
(b) lat & Ref. Mtge. 3 1/2's, 1967	30,000,000	*	107.00	32,100,000
(c) 1st & Ref. Mtge. 4's, 1967	8,000,000		104.00	0,320,000
Total Indicated Market Value				113,067,623

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported -

Add: Interest on Bonds as computed by Standard & Poor's Corp. (not, shown separately in report)

Total Farnings Available for Capital

1,370,000

\$7,123,196

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

(a) Quotations from National Quotation Bureau.

(b) Price used is call price. Sold privately in February, 1936, at 100 to the Duke Endowment Trusts (c) Price used is call price. Sold privately in July, 1935.

Exhibit 254

HARTFORD ELECTRIC LIGHT COMPANY

	1			
	Outstanding December 31	Price Range		Value
INDICATED MARKET VALUE OF CAPITAL				
(a) Common Stock (\$25 par)	840,000 sh.	65 1/4 45	55.13	\$46,309,200
(b) 30 Yr. 3 Debentures, Series 1937,	\$3,220,000		101.00	3,252,200
(c) 30 Yr. 3 1/4 Debentures, 1971	4,200,000	112 110	111.00	4,662,000
Total Indicated Market Value			. 8	\$54,223,400

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31; as reported

\$2,581,798

Add: Interest on Bonds as computed by Standard & Poor's Corp. (not shown separately in report)

142,625

Total Earnings Available for Capital

\$2,724,423

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

5.02%

Notes: (a) Quotations from National Quotation Bureau.

(b) Price used is call price. Sold privately in 1937 at 100 3/4 to six insurance companies.

(c) Registration statement effective July 15, 1941. Offered to stockholders of record July 15, 1941 at par in ratio of \$100 principal for each 20 shares of common held. Balance not subscribed by Sept. 2, 1941 to be sold at public or private sale.

PACIFIC GAS & BLECTRIC COMPANY

			Outstanding December 31	Price Range	for Year	Value
MDICATE	D MARKET VALUE	OP CAPITAL	time the same	•		
Parent	Company					
(f)(b) (a) (a)	Common Stock (\$ 5% Cum. Pref. (5 5 1/2% Cum. Pref. (5 5 1/2% Cum. Pref. (5 5 1/2 5 1	\$25 par) f. (\$25 par) \$25 par) 64 , 1961 , 1966	6,261,357 shs 400,000 shs 1,173,163 shs 4,197,662 shs \$ 90,658,000 116,161,000 50,000,000 19,608,000 24,934,000	. 27 1/2 25 3/ . 31 5/8 28 1/	4 26.65 1 4 29.06 3 78 32.44 13 74 112.00 10 72 109.69 12 108.25 5 74 103.06 2	4,386,892 0,652,000 4,092,117 6,172,155 1,536,960 7,417,001 4,125,000 0,208,005 5,527,429
Subsid	iary					
	San Joaquin Lt. B 6s, 1952	& Per. Corp.	8,973,000	138 1/2 131	134.75)	2,091,117
*	Total Indicat	ed Market Value	*		\$156	6,208,676
. *						
ARNINGS	AVAILABLE FOR	CAPITAL		>		
	Net Income for ;	year ended Decembe	r 31,		\$2	2,463,636
		n Punded Debt on of Bond Discoup med on Interest	nt and Expense	1		1,888,596 900,382 8,863
				•		5,261,477
	Deduct: Increas Dividen	e for 1941 in minds on Capital Stoo	ority interest in so	urplus mpany	8	2,070
	Total Earning	. Available for Co	pital		45	5.259.36

(c) Listed on San Francisco Exchange.
(d) Sold in March, 1941, at 101 3/4 to supply funds for general corporate purposes and to finance in part a proposed construction program.
(e) Sold on November 25, 1941 at 105 to supply funds for general corporate purposes and to finance in part a proposed construction program.
(f) Prices obtained from National Quotation Bureau.

PENNSYLVANIA WATER & POWER COMPANY

a	Outstanding December 51	Price	Range for Year Low Average	<u>Valué</u>
INDICATED MARKET VALUE OF CAPITAL	7.0	40	34 1/2 48.19	410 B54 679
(a) Common Stock (no par) (b) \$5 Cum. Fref. (no par)	429,848 shs. 21,463 shs.		108 111.50	2,396,470
Ref. & Coll. Tr. 3 1/4's, 1964	\$10,797,000	110 1/2	105 107.75	11,653,768
Total Indicated Market Value	10,880,000	110 1/2	105 107.75	11,701,650 \$45/586.567

BARN THOS AVAILABLE POR CAPITAL

Not Income for year ended December 31, as reported

Add: Interest on Punded Debt
Taxes Assumed on Interest
Amortisation of Debt Discount, Premium and Expense (net)

Total Earnings Available for Capital

\$2,110,590

707,113

165,18

\$2,980,986

INVESTORS APPRAISAL OF RISKS OF CAPITAL

6.54

Hotes: (a) Listed on New York Curb Exchange.

(b) Quotations from Mational Quotation Bureau.

Exhibit 254 SOUTHERN CALIFORNIA EDISON COMPANY, LTD.

		1 9			
	Outstanding December 31				Value .
INDICATED MARKET VALUE OF CAPITAL .				-	
(a) Common Stock (,25 par)	3,182,805 shs.	28 3/8	16 1/8	22.25	3 70,617,411
(b) Original Part. Cum. Pfd. (325 par)	160,000 shs.	. 46 1/2	38	42.25	6,760,000
(b) 6% Pfd. Series "B" (.25 par)	1,907;256 shs.	31 1/4	26 3/4	29.00	55,310,424
(b) 5 1/2% Pfd. Series "C" (\$25 par).	1,399,601 shs.	29 7/8	24 3/4	27.31	38,223,103
lst & Ref. Mtge. 3's, 1965 31	08,000,000	106 1/4	99 1/2	102.98	111,110,400
(c) 1st & Ref. Mtge. 3 1/4's, 1964	30,000,000			105.00	31,500,000
Pacific Lt. & Pr. 1st Mtge.	4,078,000	106 3/8	101	103.69	4,226,476
Total Indicated Market Value					3317,949,816
EARNINGS AVAILABLE FOR CAPITAL					of a
Net Income for year ended December 3	1, as reported				\$12,752,788
Add: Interest on Bonds					4,421,542
Amortization of Debt Discount, and Expense	Redemption Premi	ım			606,783
Total Earnings Available for Cap	oital				\$17,781,113

INVESTORS APPRAISAL OF RISKS OF CAPITAL

Notes: (a) Listed on New York Stock Exchange.
(b) Listed on New York Curb Exchange.
(c) Price estimated. Sold privately on Sept.

4	
252	-
C)	
4	
7	•
10	
C	?
EX	

TAMPA ELECTRIC COMPANY

•	Velue	en Tex	
	Price Range for Year	1gh Average	
	Outstanding		
			THE STATE OF THE S

21.19 \$12,668,802

. 0/17 3/8

597,867 shs.

1,151,500 13,800,102

113.13

114 1/4 112

(b) 7% Cum. Pref. "A" (\$100 per) INDICATED MARKET VALUE OF CAPITAL (a) Common Stock (no par)

Total Indicated Market Value

10,000 shs.

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

Net pincome for year ended December 31, as reported

BARNINGS AVAILABLE FOR CAPITAL

Notes: (a) Listed on New York Ourb Exchange (b) Quotations Trom National Quotation Bureau

INVESTORS . APPRAISAL OF RISKS OF CAPITAL

FOR THE YEAR 1941 MANUFACTURED AND MIXED GAS COMPANIES

			Distribution to Capital .			
Company	Indicated Market Value of Capital	Amount	For the 12 Months Ended	of Risks of Copital		
(1)	(2)	(3)		5=3+2		
Bridgeport Gas & Light Company	\$ 5,984,750	\$ 441,618	December 31, 1940	7,39%		
Brooklyn Union Gas Company	57,700,059	4,069,369	December 31, 1941	7.05		
Elizabethtown Consolidated Gas Co.	7,452,830	546,277	December 31, 1940	7.36		
Hartford Gas Company	5,895,000	376,796	December 31, 1941	6.39		
laclede Gas Light Company	30,224,353	2,732,583	December 31, 1941	9.64		
Peoples Gas, Light & Coke Co.	102,698,644	7,551,784	December 31, 1941	7.35		
Providence Gas Company	11,623,584	879.,309	December 31, 1941	7.56		
Seattle Gas Company	4,129,179	419,970	December 31, 1941	10.17		
Springfield (Mass.) Gas Light.Co.	3,385,712	287,233	December 31, 1941	8.46		
Washington Gas & Light Co.	33,671,358	2,058,153	December 31, 1941	6.11		
· Totala	\$262,765,469	\$19,365,092		7.37%		
			0 .			

Section IV

Exhibit 254

BRIDGEPORT GAS LIGHT COMPANY

	Outstanding Price Range for Year	
	Dec.31, 1940 High Low Average Value	
INDICATED MARKET VALUE OF CAPITAL		
P(a) Common Stock (no par)	181,500 shs. 35 18 26.50 \$4,809,750	
1st Mtge. 4's, 1952	\$1,000,000 121 114 117.50 1,175,000	- 10
. Total Indicated Market Ve	alue \$5,984,750	

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, 1940, as reported

Add: Interest on Bonds

Total Earnings Available for Capital

\$401,618

40,000

441.518

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

7.39%

Note: (a) Quotations from National Quotation Bureau.

Exhibit 254 BROOKLYN UNION GAS COMPANY

	Outstanding		Range fo	r Year	
/	December 31	High	Low	Average	Value
INDICATED MARKET VALUE OF CAPITAL		4,			
(a) Common Stock (no par)	745,364 shs.	14 1/4	7.	10.63	\$ 7,923,219
1st Cons. Mige. 5's, 1945	\$14,736,000 B	111 1/2	104	112.75	16,614,840
let Lien & Ref. Mtge/ "A" 6's, 1947	6,000,000	113 5/8	107	110.35	6,619,800
lat Lien & Ref. Mtge. "B" 518, 1957	10,000,000	107-1/2	102 1/4	104.88	10,488,000
20 Year Debs. 5's, 1950	18,000,000	95 3/8	83	89.19	15,154,200
Total Indicated Market Value			**		\$57.700.059

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported

Add: Interest on funded debt

Amortization of debt discount

Deduct: Amortization of debt premium

Total Earnings Available for Capital

\$1,548,942 2,496,800

28,427

4,074,169

4,800.

\$4,069,369

INVESTORS' APPRAISAL OF RISKS OF CAPITAD

7.05

Notes: (a) Listed on N. Y. Stock Exchange.

ELIZABETHTOMN CONSOLIDATED GAS COMPANY

1366

548.277

Not Income for year ended December 31, 1940 as reported

EARNINGS AVAILABLE FOR CAPITAL

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

\$7.452.830

3.50

805 180

38,716 shs.

INDICATED MARKET VALUE OF CAPITAL

(a) Capital Stock (no per)

Value

Frice Range for Year High Low Average

Outstanding Dec. 31, 1940

6785

Notes: (a) Quotations from National Quotation Bureau.

254	COMPANY
11bit	SAC
Exh1	DADATA
	TAN
** ** *	

Ve lue Frice Range for Year High Low Average ---1 9 4 1---December 31

\$4,425,000 1,470,000 5 895,000

29.50 49.00

4.0

35

150,000 shs. 30,000 shs.

20 48

(a) Common Stock (\$25 par)

INDICATED MARKET VALUE OF CAPITAL

Total Indicated Market Value (a) 8% cum. Pref. (\$25 par)

EARNINGS AVAILABLE POR CAPITAL

Net income for year ended December 31,

INVESTORS . APPRAISAL OF RISKS OF CAPITAL

Notes: (a) Quotations from National Quotation Bureau.

LACIEDE GAS LIGHT COMPANY

		Outstand		Price	Range fo	r Year Average	Velue
TWDTC	ATED WARKET VALUE OF CAPITAL	ресемье				:	
-			1971-1	: 1	/-	33.05	\$ 1,203,750
. (a)	Common Stock (\$100 par)	107,000			5 1/4	11.25	
- (4)	5% Cum. Pref. (\$100 par)	23,330	shs. 4			31.38	732,095
5.1	Ref. & Ext. 5's, 1942	39,302,000	809	9 3/8	92 1/4	95.81	8,912,246
	518,41939	691,000	* 10	1	94	9.7.50	673,725
(b)		7,000			1) 1	96.75	6,773
. 6-1	lat & Coll. Ref. "C" 5 1/2's, 1953	17,500,000	-	9	56 1/4	72.62	12,708,500
	D 5 1/2's, 1960	5,500,000		9	57 1/2	73.25	4,028,750
	Coll. Trust Notes 6's Ser.A. 1942	2,345,000		-	49	64.00	1,500,600
	6's Ser.E, 1942	655,000		- 4 -		69.88	457,714
	Total Indicated Market Value		/ .				30.224.353

EARNINGS AVAILABLE FOR CARITAL

Net Income for year ended December 31, as reported.
Add: Interest on Funded Debt
Amortization of Debt Discount
Taxes on Bonds and Interest

Total Earnings Available for Capital

\$ 625,085 1,945,000 145,406 17,092 \$2,732,563

9.04

INVESTORS APPRAISAL OF RISKS OF CAPITAL

Notes: (a) Listed on New York Stock Exchange.

(b) Price estimated.

PEOPLES GAS LIGHT & COKE COMPANY

	•	Outstandi			Range fo			8
•		December	31	High	LOW	Average	Valu	0
INDIC	ATED MARKET VALUE OF CAPITAL							
(a)	Capital Stock (\$100 par)	656,000	shs.	54	36 3/4	45.36	\$ 29,769	,280
	1st Consol. Mtge. 6's, 1943	3 912,000		111	107	109.00	994	,080
	Ref. Mtge. 5's, 1947	20,386,000		118 1/4-	-112	115.13	23,470	, 402
(b)		22,000,000			, , ,	100.00	22,000	
(b)	"F" 3's, 1956	15,000,000				100.00	15,000	,000
	Mutuel Fuel Gas Co. 1st Mtge.	7						
	518, 1947	4,664,000		117 1/2	115	116.25	5,654	
	Ogden Gas Co. 1st Mtge. 5's, 1945	5,214,000	F	113 1/2	106	109.75	5,810	, 482
٠.	Total Indicated Market Value		-		. / 0		\$102,698	644

BARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported Add: Interest on Long-Term Debt	\$4,283,697 2,992,682
Premium and Interest to maturity on bonds reacquired and cancelled in 1941 Amortization of Debt Discount and Expense Expense in connection with issuance of bonds in 1941	92,491 70,002 112,912
Total Earnings Available for Capital	\$7.551.784

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

.35%

Notes: (a) Listed on New York Stock Exchange.

(b) Prices estimated. Sold privately in August, 1941, to five insurance companies at par.

Proceeds were used to retire 1st & Ref. Ntge. "B" 4's of 1981 and "D" 4's of 1961.

PROVIDENCE GAS COMPANY

		Outstanding	Price Range	for Year		
		December 31		Average	Value	1:
NDICATED NARKET VAL	LUR CF CAPITAL					
(a) Capital Stock	(no par)	1,074,028 sha.	8 3/4 6 1	/2 7.63	\$ 8,194,834	
lat Mtge. "P"	40, 1963	\$3,250,000	107 104	105.50	3,428,750	
Total Tre	dicated Market Value	ue			\$11,623,584	
3.	/		*		,	

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported
Add: Deductions from Gross Income
Total Earnings Available for Capital

139,160 1879,309

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

Notes: (a) Listed on N. Y. Curb Exchange.

7.565

Exhibit 254.

SEATTLE GAS COMPANY

	Outstandin December 3		Range f	or Year Average	Value"
INDICATED MARKET VALUE OF CAPITAL					
(a) Common Stock (no par)	23,825 8	hs25	.01	0.13	\$ 3,097
(a) \$5 lst Pref. (no par)	47,250 s	hs. 14	6 1/2	10.25	484,313
(a) \$5 2nd Pref. (no par)	27,556 a	hs. 1 1/2	1/4	0.88	24,249
lat & Ref. 5s, 1954	4,725,000	82	64	75.00	3,449,250
Seattle Lighting Co. 5s, 1944	158,000	109	104	106.50 0	168,270
Total Indicated Market Value			* * * * *	- 3	4,129,179
EARNINGS AVAILABLE FOR CAPITAL					
Net Income for year ended December 31	1,	1		a some	\$172,990
Add: Interest on Funded Debt Amortization of Reorganization I to Funded Debt	Expenses app	licable			244,592

INVESTORS APPRAISAL OF RISKS OF CAPITAL

10.17

\$419,970

Notes: (a) Quotations from National Quotation Bureau.

Total Earnings Available for Capital

\$258,268

28,965

287,233

Exhibit 254

SPRINGFIELD GAS LIGHT COMPANY

	0	La San Care	1/6/				
		Outstanding . December 31	Price	Range for	Year Average	Value	
	INDICATED MARKET VALUE OF CAPITAL		-				
	(a) Capital Stock (\$25 par)	214,404 shs.	13 5/8	10 1/2	12.06	\$2,585,712	
٠	(b) 10 Year Notes, 3's, 1946	\$500,000		4, 17	100.00	500,000	
	(b) 10 Year Notes, 3 1/2's, 1947	300,000			100.00	300,000	
	Total Indicated Market Value	,				\$3,385,712	

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported

Add: Interest, etc.

Total Earnings Available for Capital

. INVESTORS ' APPRAISAL OF RISKS OF CAPITAL

Notes: (a) Quotations from National Quotation Bureau.
(b) Prices estimated.

Exhibit 254 WASHINGTON GAS LIGHT COMPANY

	1 9 4 1					
	Outstanding December 31			for Year	Value .	
INDICATED MARKET VALUE OF CAPITAL			,	•		
(a) Common Stock (no par)	425,000 shs.	24	.14	19.00	\$ 8,075,000	
(b) \$4.50 Cum. Pref. (no par)	60,000 sha.	106	102	104.00	6,240,000	
Gen. Mtge. 5s, 1960	\$5,199,500	132	125	128.50	6,681,358	
(c) Ref. Wige. 4 1/4s, 1956	2,400,000			105.00	2,520,000	
(d) Ref. Vtge. 4s, 1963	8,500,000	*		105.00	8,925,000	
Georgetown Gaslight Co. 5s, 1961	1,000,000	125	121	123.00	1,230,000	
Total Indicated Market Value	*				\$33.671.358	
EARNINGS AVAILABLE FOR CAPITAL						
Net income for year ended December 3	1, as reported				\$1,223,885	
Add: Interest on long-term debt		0			763,108	
Amortization of debt discount a	nd expense. (Inc	ludes	0		03.340	

small amount of other interest and miscellaneous deductions)

INVESTORS' APPRAISAL OF HISKS OF CAPITAL

81,160

\$2.058.153

Notes: (a) Listed on New York Stock Exchange.
(b) Quotations from National Quotation Bureau.

Total Earnings Available for Capital

(c) Price is 1941 call price. Offered privately in 1936 to Metropolitan Life Insurance Co., New York (d) Price is 1941 call price. Offered privately in 1938 to dix insurance companies at 101.

Exhibit 254

INVESTORS '- APPRAISAL OF RISES OF CAPITAL

POR THE YEAR 1941

ALL NATURAL GAS COMPANIES

			Available for ition to Capital	Investors.
Company	Indicated Market Value of Capital	Amount	For the 12 Months Ended	of Risks of Capital
(1)	(8)	(3)	(4)	5=3+2
Consolidated Gas Utilities Corp.	\$ 8,675,877	\$ 619,589	October 31, 1941	9.45%
El Paso Natural Gas Co.	30,224,572	2,556,174	December 31, 1941	8.46
Houston Natural Gas Corp.	6,293,835	731,845	July 31, 1941	. 11.63
Interstate Natural Gas Co.	20,488,490	2,049,129	December 31, 1941	10.00
Lone Star Ga Corp.	68,295,511	6,384,254	December 31, 1941	9.354
Memphis Natural Gas Co.	4,359,511	701,853	December 31, 1940	16.10
.Montana-Dakota Utilities Co.	27,587,742	1,607,747	December 31, 1941	5.83
Mountain Fuel Supply Co.	10,327,591	950,069	December 31, 1940	9.20
National Fuel Gas Co.	41,683,402	3,491,533	December 31, 1941	8.38
Northern Natural Gas Co.	49,628,400	3,969,863	December 31, 1941	8.00
Oklahoma Natural Gas Co.	49,084,115	3,264,499	August 31, 1941	6.65
Pacific Lighting Corp. 0	155,989,234	9,322,832	December 31, 1941	5.98
Panhandle Eastern Fipe Line Co.	64,585,484	5,483,884	· December 31, 1941	8.49
Southern Natural Gas Co.	36,139,771	3,495,970	September 30, 1941	9.67
Totals (including Panhandle Eastern Fipe Line Co.)	\$573,363,535	\$44,829,241		7.88
Totals (excluding Panhandle Eastern Pipe Line Co.)	\$506,778,051	\$39.345.357		7.73

INVESTORS ' APPRAISAL OF RISES OF CAPITAL

POR THE YEAR 1941

NATURAL GAS PAPE LINE COMPANIES

			Available for tion to Capital	Investors' Appraisal
Company	Indicated Market Value of Capital	Amount	For the 12 Nonths Ended	of Risks of Capital
(1)	(2)	(3)	(4)	5=3 +2
El Paso Natural Gas Co.	\$ 30,224,572	\$ 2,556,174	December 31, 1941	8.46%
Interstate Natural Gas Corp.	20,488,490	2,040,129	December 31, 1941	10.00
Memphis Natural Gas Co.	4,359,511	701,653	December 31, 1940	16.10
Northern Natural Gas Co.	49,628,400	-3,969,863	December 31, 1941	8.00
Panhandle Eastern Pipe Line Co.	64,585,484	5,483,884	December 31, 1941	8.49
Southern Natural Gas Co.	36,139,771	3,495,970	September 30, 1941	9.67
Totals (including Panhandle Eastern Pipe Line Co.)	\$205.428.228	\$18,256,873		8.894
Totals (excluding Panhandle Fastern Pipe Line Co.)	\$140.540.744	\$12,772,989		9.07%

Exhibit 254

CONSOLIDATED GAS UTILITIES CORP.

ÎNDICATED MARKET VALUE OF CAPITAL		1 9 4 1						
DEDICATED MADEET VALUE OF CODITAL	Outstanding October 31	Price High		Average	Value			
(a) Common Stock (\$1 par)	886,026 shs.	1 3/4	1 1/8	1.44	\$1,275,877	-		
(b) let Ntge. Sinking Pund 4s, 1956	\$6,500,000			100.00	6,500,000	:		
(c) Ten Year 5s, 1951	900,000			100.00	900,000			
Total Indicated Market Value		٠	9		\$8.675.877			
Net Income for year ended Octob	er 31 as reported	1		S	\$398,109	•		
Add: Interest on funded debt Refund of state taxes paid Pederal income taxes paid un Amortization of Funded Debt	der bond covenant	ors		*	408,331 6,548 3,071 3,533			
Total Earnings Available for	Capital				\$819.589			

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

(a) Listed on N. Y. Curb Exchange.
(b) Prices estimated. Sold privately in April, 1941 at 100 to a group of institutional investors.
(c) Prices estimated. Sold privately in April, 1941 at 100 to individual buyers.

EL PASO NATURAL GAS COMPANY

	Cutstanding	Prise	Range fo		1
	December 31	High	Low	TAGLETO	Value
INDICATED MARKET VALUE OF CAPITAL			4		
(a) Common Stock (\$3 par)	601,594 sh	. 33	21 3/4	27.38	\$16,471,644
(b) Pref. 7% Cum. (\$100 par)	14,797 sh	s. 111 1/2	103 1/2	107.50	1,590,678
(c) .1st Mtge. 3.1/2s, 1953	\$6,000,000			102.00	6,120,000
(d) 1st Mtge. 3s. 1955	2,700,000	•		101.75	2,747,250
(e) 3% Serial Notes due 1940-1945	1,195,000	,		100.00	1,195,000
(f) 2 3/4 Serial Notes due 1941-1944	750,000			100.00	750,000
(g) 2 1/2% Serial Notes due 1942-1946	1,350,000		4.	100.00	1,350,000
Total Indicated. Market Value					\$30,224,572

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31. as reported

Add: Interest Amortization of Debt Discount and Expense

Total Earnings Available for Capital

\$2,141,912

393,226 21,036

2,556,174

INVESTORS APPRAISAL OF RISKS OF CAPITAL

Notes: (a) Listed on N. Y. Stock Exchange:

(b) Quotations from National Quotation Bureau. (c) Prices estimated at call price. Privately sold December 15, 1938 to six institutions at 98 1/2.

(d) Prices estimated at call price. Privately sold June, 1940; to six institutions at 98 1/2.

(f) Prices estimated. Privately sold February, 1940, to a N.Y. Bank.

(g) Prices estimated.

HOUSTON NATURAL GAS CORP.

INDICATED MARKET VALUE OF CAPITAL .	(b)	Outstand July 3		HI		Rang	e fo	r Year Average	<u>Value</u>
(a) Common Stock (no par)		158,289	sha	17	1/4	. 9		13.13	\$2,078,335
(a) Pref. 7% (\$50 g.r)	4	10,000	shs.	56	1/4	55	1/2	55.88	559,000
lat Mtge. S.F. 4s, 1955	\$3	,500,000		106		103	1	104.50	3,667,500
Total Indicated Market Value	•	6							6,293,835
Net Income for year ended July 3	31,			•	, ,				\$575,387
Add: Bond Interest Amortization of Bond Discount Refunds to bondholders on a bond interest, etc.		nt of t		n	•;	• • • • •			143,302° 11,062 2,094

INVESTORS APPRAISAL OF RISKS OF CAPITAL

Notes: (a) Quotations from National Quotation Bureau.
(b) Pissal year changed to end July 31.

Total Earnings Available for Capital

INTERSTATE NATURAL GAS CO

Outstanding December 31

INDICATED MARKET VALUE OF CAPITAL

(a.) Capital Stook (no par)

25 952,953 shs.

21.50 \$20,486,490 18

KARNINGS AVAILABLE FOR CAPITAL

Not Income for year ende

INVESTORS ' APPRAISAL OF RICKS OF CAPITAL

Notes: (a) Quotations from National Quotation Bureau

Exhibit 254 LONE STAR GAS CORP.

		4 1-		
	Outstanding Price December 31 High	Range	for Year Average	value
INDICATED MARKET VALUE OF CAPITAL		4.3	**	
(a) Serial Notes, 2s. due to Aug. 1,	5,504,875 shs. 10 1/8	6 1/2	8.31	\$45,745,511
1950	18,400,000		100.00	18,400,000
(a) Notes, 2 1/4s, due Feb. 1, 1951	4,150,000		100.00	4,150,000
Total Indicated Warket Value				\$68,795,511
EARNINGS AVAILABLE FOR CAPITAL		**	1	
Net Income for year ended December 31			1	\$5,610,977
Add: Interest on Debentures Interest on Bank Notes Payable Amortization of Debt Discount,	eto.	4		58,333 499,977 2,628

INVESTORS' APPRAISAL OF RISKS OF CAPITAL

Taxes Assumed on Interest

Total Earnings Available for Capital

85%

12,339

\$6.384,254

Notes: (a) Prices Estimated. Sold privately on January 29, 1941 to eight commercial banks.

MEMPHIS NATURAL GAS COMPANY

		1 9 .4 1		No.
	Outstanding Dec.31,1940 Adjusted			
INDICATED MARKET VALUE OF CAPITAL	for 1941 Pinancing	Price Range	for Year Average	Value
(a) Common Stock (\$5 par)	918,680 shs.	5 1/8 3 1/2	4.31	\$3,959,511
(b) Promissory Notes to Banks :	\$400,000		100.00	400,000
Total Indicated Market Value				\$4.359.511

BARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended as reported	December 31, 1940,		\$638,710
Add: Interest Paid Amortization of Debt	Discount	and the second	53,756 11,387
Total Earnings Availab	cle for Capital		\$701.853

INVESTORS APPRAISAL OF RISKS OF CAPITAL

- Notes: (a) Listed on New York Curb Exchange.

 (b) Price estimated. On April 1, 1941, the collateral securing the promissory notes payable to banks was sold and the proceeds applied to the reduction of the notes, leaving the balance of \$400,000 outstanding.

MONTANA-DAKOTA UTILITIES COMPANY

8	(\$10 par) 676,652 shs. 11 1/4 7 1/4 9.25 \$6,259,031 17,739 shs. 102 1/2 91 1/2 97.00 1,720,683 59,593 shs. 95 3/4 82 1/2 89.13 5,311,524 1/2's, 1961 \$7,500,000 108 102 7/8 105.44 7,908,000 rial 2 1/2's, 1942 to 2,500,000 101 100 100.50 2,512,500 2 to 3 1/2, 1942 to 3,510,000 100.00 3,510,000 ass Contracts 16,004 100.00 3,510,000 16,004 16,004 17,000 100.00 3,510,000 16,004 17,000 100.00 3,510,000 1850 100.00 3,510,000 1850 100.00 3,510,000 1850 100.00 3,510,000 1850 100.00 3,510,000				
					Value
INDICATED MARKET VALUE OF CAPITAL	• 1	n ->-			. /
Common Stock (\$10 par) (a) Cum. Pref. 6% (\$100 par)					
(a) Cum. Pref. 5% (\$100 par) lst Mtge. 5 1/2's, 1961	59,593 shs.	\$ 5 3/4	82 1/2	89.13	5,311,524
1st Mtge. Serial 2 1/2's, 1942 to				100.50	
(b) Serial Notes 2 to 5 1/2, 1942 to 1950					
(c) Serial Purchase Contracts (c) 2 1/2% Purchase Money Notes, due,					4 9
1943 to 1944	350,000			-	/
Total Indicated Market Value					27.587.742

EARNINGS AVAILABLE POR CAPITAL

Not Income for year ended December 31, as reported

Add: Interest on Funded Debt

Interest on Serial Purchase Contracts (estimated at 6%)

Amortisation of Debt Discount and Expense (net).

Total Esimings Available for Capital

INVESTORS ' APPRAISAL OF RIBES OF CAPITAL

5.83%

Notes: (a) Quotations from National Quotation Bureau.

(b) Price estimated. Sold privately in November-December, 1940, at \$100, to five institutions.

(c) Price estimated.

MOUNTAIN FUEL SUPPLY COMPANY

_____1 9 4 1------

Outstanding Dec.31, 1940 Price Range for Year High Low Average

Value

INDICATED MARKET- VALUE OF CAPITAL

(a) Capital Stock (310 par)

1,989,902 shs. 6 1/4

6 1/4 4 1/8 . 5.19

\$10,327,591

EARNINGS AVAILABLE FOR CAPITAL

Met Income for year ended December 31, 1940,

950,069

INVESTORS APPRAISAL OF RISKS OF CAPITAL

9.20%

Note: (a) Listed on Pittsburgh Exchange.

NATIONAL FUEL GAS COMPANY

Outstanding December 31

High Low Average

INDICATED MARKET VALUE OF CAPITAL

Capital Stock (no per)

Value

3,810,185 shs. 12 3/8 9 1/2 10.94 41,685,402

\$3,491,533

MVESTORS ' APPRAISAL, OF RISKS OF CARITAL.

Net Income for year ended December 31

EARNINGS AVAILABLE FOR CAPITAL

NORTHERN NATURAL GAS COMPANY

	Outstanding December 31	Price Range	for Year	Value
INDICATED MARKET VALUE OF CAPITAL (a) Common Stock (\$20 par)	1,015,000 shs.	32 1/8 25	28.56	\$28,988,400
(b) Bonds 1st 3 1/4's, A, due 1954	\$16,000,000	8	194.00	16,640,000
(c) Bank Loan, 2 1/8%, due 1946	4,000,000		100.00	4,000,000
Total Indicated Market Value				349,628,400

EARNINGS AVAILABLE FOR CAPITAL

Net Income for year ended December 31, as reported

Add: Interest on Bonds
Interest on Bank Loan
Amortization of Debt Discount and Expense

Total Earnings Available for Capital

\$3,346,876 520,000 93,854 9,131

3.969.863

INVESTORS · APPRAISAL OF RISKS OF CAPITAL

3.00%

Notes: (a) Quotations from National Quotation Bureau.

(b) Price estimated at call price. Sold privately in August, 1939, at par, to five insurance companies.

(c) Price estimated.

OKIAHOMA NATURAL GAS COMPANY

		1 9 4	1	1.
	Outstanding August 31		for Year	Value
INDICATED MARKET VALUE OF CAPITAL				
(a) Common Stock (\$15 par)	550,000 shs.	21 3/4 15	18.38	\$10,109,000
(a) Prior Pfd. Conv. \$5.50 (no par)	58,000 shs.	116 1/2 107	1/2 112.00	6,496,000
(a) Pfd. \$3 Cum. (\$50 par)	91,055 shs.	54 47	1/4 50.63	4,610,115
lst Mtge. Series B, 3 3/4's, 1955	16,700,000	109 0 105	107.00	17,869,000
(b) 1st Mtge. Series C, 3's, 1956	4,500,000		100.00	4,500,000.
(c) Bank Loans, 2 3/4, Serially to	5,500,000	-	100.00	5,500,000
Total Indicated Market Value		&		\$49.084.715
EARNINGS AVAILABLE FOR CAPITAL.				

Net Income for year ended August 31, as reported Deduct: Amortization of Bond Premium

Add: Interest on Punded Debt

. Total Earnings Available for Capital

\$2,479,844 . 9,670 2,470,174

794,325

3,264,499

INVESTORS APPRAISAL OF RISKS OF CAPITAL

(a) Listed on New York Curb Exchange.

(b) Price estimated. These bonds were sold and the proceeds used to acquire the gas properties of Central States Power & Light Corporation, effective July 31, 1941. The properties acquired had annual gross earnings of approximately \$1,300,000, but only one month's income is included in earnings for the twelve months ended August 31, 1941.

(c) Price estimated.

PACIFIC LIGHTING CORPORATION

Ē		Outstand	ing	Prior	Range f	r Year	
		December		High	Low	Average	Value
IMDIC	ATED MARKET VALUE OF CAPITAL					Q	
(a)	Common Stook	1,608,631	shs.	40	26 1/8	33,06	\$53,181,341
(b)	\$5 Preferred	200,000	shs.	107 3/4	94 1/2	101.13	20,226,000
(0)	Long Term Bank Loans, 3%, 1941-46	\$5,500,000				100.00	5,500,000
(4)	So. Cal. Gas Co. 6% Pfd. (\$25 par	r) 895,789	shs.	33 3/4	29	31.36	28,091,943
• .	So. Cal. Gas Co. 1st Mtge. 5 1/4	\$35,000,000	*	109	103 1/2	106.25	37,187,500
(•)	So. Counties Gas Co. of Cal. 1st 3's, 1971	11,500,000		106 1/4	99	102.63	11,802,450
	Total Indicated Market Value	0		• •	v + -		3155,989,234
MRNI	NGS AVAILABLE POR CAPITAL				o	/	0
	Net Income for year ended December	er 31, as repor	betr				\$7,727,859
(B)	Add: Interest on Funded Debt	. 3		0			1,595,090
	\mathcal{L}		La.				9,322,949
	Deduct: Dividends on Subsidiary	common Stock			3.	. 6	117
	Total Earnings Available for	Capital			-1		\$9.322.832
				be			4.
INVES	TORS' APPRAISAL OF RISKS OF CAPITA	AT.		*			5.984

Notes: (a) Listed on New York Stock Exchange.

(b) Listed on San Francisco Stock Exchange.

(c) Prices estimated.

(d) Listed on Los Angeles Exchange.

(e) Issued in January, 1941, the proceeds of which were used to redeem the 4 1/2's of 1968.

PANEARDLE EASTERS PIPE LINE COMPANY

	***********	1 1	
LEDICATES CAPITAL CAPITAL	Patending	42 · · · ·	FIRE INS
(3.) Common Mines (no par)	901, N1 els.	41 2/4 20	M. 60 \$20,775,600
Pref. (6 cm. (cc per))			
(b) Class & part, and redesemble			100.00 10,000,000
(b) Class & Autopart, and succretes			188.00 1,880,000
(4) 141 Migs. 5 Truet 11em *4* 1.65-1.305			100.00 0,000,000 °
141 Sects: Setes 4, 0, 0 8 5, 0.75-1.805, 6:00 11/1/09-45	t, see , and		100.00 - 4,000,000
(8) OSPATEMENT DAS			1.50 00
". Intal Indicated Market Sales		1	AGE THE AND
andr risara et imili			
Bet teams for 12 months ander Decemb	us 21, se requires		\$6 Mos. 6 57

IN PROPERTY APPRAISANT OF THESE OF CAPPERS

anti laterest in funtat cold

Color (a) Gurtations from Battonal Gustation Surger.

Total termings testioble for legited

Ameritantian of dank discount and repense

- (b) Frises setimated. Assumts weed are the prises at which redemption of the stocks is
 - (e) Prices estimated. Said privately is January, 1941 et 100 to several banking in-
 - (4) Prices set lusted.

Exhibit 254 SOUTHERN NATURAL GAS COMPANY

	Outstanding Sept.50, 1941	Price Range	for Year Average	Value /					
INDICATED MARKET VALUE OF CAPITAL			•	0 0					
(a) Common Stock (\$7.50 par)	1,400,212 she.	13 1/2 10	11.75	\$16,558,241					
let Mtge. Pipe Line S.F. 3 1/4's,	\$13,000,000	107 103	105.00	13,650,000					
(b) Serial Notes 2 1/2°s, 1942 to	4,500,000		100.00	4,500,000					
Alabama Gas Co. 1st Mtgs. 4 1/2's,	1,351,000	105 101	103.00	1,391,530					
(c) Alabama Natural Gas Corp. City of Talladega 5's, 1947	40,000	· •	100.00	40,000	-				
Fotal Indicated Market Value			(7)	\$36.139.771	- 4				

EARNINGS AVAILABLE FOR CAPITAL

(d) Not Income for year ended Sept. 30, 1941, as reported

Add: Interest on Funded Debt
Amortization of Debt Discount and Expense

Total Earnings Available for Capital

32,439,711

1,000,406

\$3.495.970

INVESTORS ' APPRAISAL OF RISKS OF CAPITAL

1.67%

Notes: (a) Listed on New York Stock Exchange.

(b) Prices estimated. Sold privately in May, 1941, to four banking institutions.

(c) Price estimated.

(d) Excludes net income of \$700,000 arising from non-recurring tax savings due to refunding.

(Exhibit 255.)

Panhandle Eastern Pipe Line Cor. pany 1221 Baltimore Ave. Kansas City, Mo.

April 11, 1942

Mr. Park Chamberlain 815 15th Street, N. W. Washington, D. C.

Dear Mr. Chamberlain:

In accordance with your request during my cross-examination at the recent hearing in Washington, D. C. on April 2nd, I have checked the calculations on your work sheet comparing demand charges 1941 and 1942 and have noted my agreement with the calculations thereon. There is also attached a tabulation showing our calculation of charges and payments for the fiscal years as well as the calendar years. From a study of these figures I think we can agree that:

- (1) Demand charges for either the calendar or fiscal years 1942 will be greater than those of the previous year,
- (2) Charges and payments will be less under the original contract than under the supplemental contract for the ensuing fiscal year,
- (3) Charges and payments will be less under the original contract than had been assumed by me in the preparation of Exhibit 161.

We were unable to check the figure \$4,497,920.16 which you introduced (Page 9440, et seq.). Our figure for this is \$4,408,613.32, however, it is not felt that this is important since the difference will not affect the conclusions.

The letter referring to the 150 million cubic feet, requested by your company, was the one written by Mr. Batten to us under date of May 28, 1941.

I am returning your work sheet above mentioned and photostatic copy of the January bill which I inadvertently picked up when on the witness stand.

Yours very truly,

O. W. MORTON.

E:OWM:rd= Enc.

Comparative Statement Of Demand Charges Under Original And Supplemental Contracts Panhandle Eastern Pipe Line Company And Michigan Consolidated Gas Company For Detroit

Demand Charges

6	,	Supp	olement	al w		/ 23	/ .		0	rigina	l'and	Sup	plen	nental	
	Th	erms		Amo	unt				Ther	ms		-	· A	moun	it .
			, .	-						drambrook			CHECUP		-
January 1941	1 1	02 '089		418	793	82	4							ė	
February		26 047	. 1' .	427											
March		26 109	150	389								4			
April		11 089		346						Sal.		,			
May		11 487 /	1	308						TARREST	9.			* *	
June 🛕		53 915	1		487		• .			. 1	19	230			
July		42 309	*		077		e.			des					
August		48 481		284						•					
September		70 281			706		0 -4 _		-						
October '		92 009			963										
November		54 611	. : -		752										•
December		62 437		441									V .	0	
						-									
Total 1941		00 864	. 8	1 21	328	32		٠.	٠.	•					1
January 1942	10	23 725	. 9	465	015	50	٠.		1 223	795			· 1	65 01	5 50
February		33 .965	- 2		906.				1 333				-	06 90	
March		97 305			975				1 197			4		154 97	
Total 12 Months					0.0					000				10 x 01	2
(Fiscal)	(11 6	01 614)	- (4	408	613	32)								-	
April		22 823			672		.*		1 110	161	1		4	21 86	1 18
May		23 221		388						1.161.				21 86	
June		65 649		366			1		1 110					21 86	
July		54 043	2 1		536		C.F		1 110					21 86	
August		60 215	~ .	364					1 110					21 86	
September		82 015	,	373					1 110					21.86	
October ©		03 743		1419			4 1		1 110					121 86	
November		66 345	1.		211				1 110					21 86	
December.		74 171		522						1.161	14	2		21 86	
	-		1 -					- 0			- 4	3			
Total 1942	13.6	07 220	. \$	5 132	743	60 .	4	1					\$5 2	223 64	8 72
January 1943	. 14	35 459	1	545	474	42			1 110	161			4	21 86	1 15
February ' 2 20		45 699			365				1 110					121 86	
March	. 0	09 039	4 5	535					1 110					121 86	
					200		٠.						-		
Total 12 Months		-													
TOTAL 12 MOUTHS	*			3 .						100	9 %		-		

Note: Prior to March 1942 all figures are actual?

Subsequent to February 1942 all figures on Original Contract basis are based on Actual Maximum Day Demand and all figures on Supplemental Contract basis are based on Actual Base Load Maximum Demand plus househeating for 25,000 customers estimated same as corresponding month of previous year.

OWM:

4 0:40

Calendar Years [fol. 16584] 239635962 119817981 759453943 1941 37.812.868 N. G. purchased 239,635,962 therms for commodity chge 239,635,962 " 3,594,539 **Demand Chge** \$4,218,329 1942 Demand charge -Jan. - Mar. - Supple. Cont. Base load demand established 742,309 therms 38 5938472 2226927 282,077 per mo. 846,231 \$846,231 Househeating demand Jan. 240,708 x 2 x 38¢ = 182,938 Feb. 295,828 x 2 x 38 25,000 Mar. use Mar. 1942. H. H. customers 227,498 x 2 x 38 172,898 1,426,896 Apr. - Dec. - org. contract Org. max. demand 1,110,161 therns

3,796,749

\$421,861 per mo.

\$5,223,645

1,005,316

Note: This correctly shows difference in demand charges—Calendar Year 1942. Calendar Year 1942-43 assuming March—1942 equal Mar. 1941 since March 1942 figures not available at this time.

O. W. Morton 4/6/42

4-2-42

Difference

(Exhibit 256.)

New York, N. Y.

September 19, 1930.

Columbia Oil & Gasoline Corporation, New York City.

National City Co., New York City.

Dear Sirs:

Referring to agreement between you and ourselves, dated September 17, 1930, it is understood and agreed between us as follows:

- (1) The reimbursement to Missouri-Kansas Pipe Line Co. by the Panhandle Co. provided for in article IV, paragraph (c) of said agreement, shall be made on the closing date under said agreement.
- (2) The City Co. agrees that the credit of three million dollars (\$3,000,000) referred to in article VI, paragraph (b) (1) of said agreement, to be arranged by the City Co. from the National City Bank, effective at once, shall be to Missouri-Kansas Pipe Line Co., guaranteed by the Panhandle Co.
- (3) We agree to pay off the credit referred to in (2) hereof and to clear the Panhandle Co. of any contingent liability arising from its guaranty referred to in (2) hereof on or before the closing date under said agreement.
- (4) The words "closing date under said agreement", as used herein, shall be deemed to mean the date named in article X of said agreement as the closing date thereunder or any date to which said closing date shall be extended by mutual agreement of the parties to said agreement.

Our signature to this letter and your confirmation at the foot thereof will constitute a binding agreement between us to the above effect.

Yours very truly, '

MISSOURI-KANSAS PIPE LINE CO., By Frank P. Parish, President. Confirmed:

COLUMBIA OII. & GASOLINE CORPORATION,
By E. Reynolds, Jr., Vice President.
THE NATIONAL CITY CO.,

THE NATIONAL CITY CO., By Stanley A. Russell,

Vice President.

[fol. 16586] Contract, this 17th day of September 1930, between Missouri-Kansas Pipe Line Co. (hereinafter referred to as "Pipe Line Co."), party of the first part, the National City Co. (hereinafter referred to as "City Co."), party of the second part, and Columbia Oil & Gasoline Corporation (hereinafter referred to as "Columbia"), party of the third part.

- I.. The Pipe Line Co. represents to the City Co. and to Columbia as follows:
- (a) The Pipe Line Co. is a corporation duly organized and existing under the laws of the State of Delaware, with an authorized capital stock consisting of 5,000,000 shares of common stock of the par value of \$5 each and 5,000,000 shares of class B stock of the par value of \$1 each. Of the said stock, 1,065,452 shares of common stock (exclusive of dividend scrip) and no more are now outstanding, and 1,598,918 shares of class B stock and no more have been issued and are now deposited under a voting trust agreement. The Pipe Line Co. has no stock of any class, except as above set forth and has no funded indebtedness.
- (b) Panhandle Eastern Pipe Line Co (hereinafter referred to as "Panhandle Co.") is a corporation duly organized and existing under the laws of the State of Delaware, having a total authorized share capital consisting of 15,000 shares of preferred stock of the par value of \$100 a share, and 10,000 shares of common stock, without par value, all of which preferred stock has heretofore been issued but has since been retired, and all of which common stock is now issued and outstanding and owned by the Pipe Line Co. No options or rights to purchase any of the said stock are now outstanding. All the outstanding indebtedness of the Panhandle Co., except indebtedness for current construction and material costs, has leases and

the like, is owned by the Pipe Line Co., and represents in general advances made to the Panhandle Co. by the Pipe Line Co. for the acquisition and construction of its properties.

- The Panhandle Co. has been organized for the purpose of building and operating a gas pipe line from the Panhandle district of the State of Texas to the Indiana-Illinois State line, through the States of Texas, Oklahoma, Kansas, Missouri, and Illinois, with lateral lines. It or its wholly owned subsidiaries, Texas Interstate Pipe Line Co. and/or Panhandle Eastern Pipe Line Co. of Illinois, have acquired the right-of-way for a substantial part of approximately 350 miles, out of a total of approximately 930 miles of the said pipe line and have constructed approximately 200 miles of the pipe line. The said pipe line has and will be constructed of 22-inch pipe from the point of beginning in Moore County, Tex., to Liberal, Kans., of 24-inch pipe from Liberal, Kans., to a point near the Missouri State line, of 22-inch pipe from the Missouri State line to the Peoria branch, and of 20 inch pipe from the said Peoria branch to the Indiana-Illinois State line. Copies of the contracts for the construction of the pipe line, initialed for identification, will be furnished by the officer of the Pipe Line Co. signing this contract.
 - (d) In addition to the pipe-line property above described, the Panhandle Co., through its said subsidiary, Texas Interstate Pipe Line Co., controls approximately 138,000 acres of natural gas producing lands.
 - (e) The Pipe Line Co. directly and or through 100-percent stock ownership in the Missouri-Kansas Gas Co. and Central States Gas Utilities Co. (an Illinois corporation), and/or through a 51-percent stock ownership in J. D. Judd & Co. (A Delaware corporation), and Shale Gas Corporation (a Delaware corporation) owns natural-gas properties including leases or gas purchase contracts in the [fol. 16587] States of Missouri and Kansas, and a system of pipe lines for the supplying of natural gas to the following cities and towns: Kansas City, Mo. (wholesale delivery to American Pipe Line Co.); Independence, Mo.; Belton, Mo.; Loose Springs, Mo.; Morton City, Mo.; Ray-

town, Mo.; Paola, Kans.; Osawatamie, Kans.; Rantoul, Kans.; Imes, Kans.; Greeley, Kans.; Lewisburg, Kans.; Lane, Kans.; Chanute, Kans.

- (f) The net asset position of the Panhandle Co. and its subsidiary companies and of the subsidiary companies mentioned in paragraph (e) above (except for inter-company transfers) shall not be substantially less favorable at the closing date than as shown on the pro forma consolidating balance sheet prepared by Arthur Andersen & Co., certified public accountants, as of June 30, 1930. No dividend or other distribution of assets shall be made by the Panhandle Co. or any of the above subsidiary companies pending the closing date.
- II. The City Co. represents to the Pipe Line Co. and Columbia that it is a corporation duly organized and existing under the laws of the State of New York and has full corporate power to enter into this contract and to perform its obligations thereunder.
- III. Columbia represents to the Pipe Line Co. and the City Co. that it is a corporation duly organized and existing under the laws of the State of Delaware, with an authorized capital stock consisting of 3,175,000 shares of which shares all of the preferred shares are owned by the Columbia Gas & Electric Corporation and all of the common stock is deposited in a voting trust of which P. G. Gossler and G. W. Crawford are the voting trustees. Columbia represents that its net worth is over \$35,000,000.
- IV. The Pipe Line Co. agrees with the parties hereto as follows:
- (a) That it will transfer to the Panhandle Co. all of the natural-gas fields, gas contracts, pipe lines, distributing systems, etc., which it owns wherever located, except those located in Kentucky or southern Indiana, and its stock ownership in all corporations which may own similar property located in the same territory.
- (b) That it will sell and deliver to Columbia, 5,000 shares of common stock of the Panhandle Co. (being one-half of its total stock outstanding) at the price per share determined as provided in article VIII hereof.

That it will on or before the closing date pay, without recourse to the original debtor or obliger, all the debts and obligations of the Panhandle Co. and of its subsidiaries, and of the other corporations the stock of which is to be transferred under paragraph (a) of this article, existing on August 31, 1930, as determined by Arthur Andersen & Co., certified public accountants, and that the Pipe Line Co. will cancel any debt or obligation to it of the Panhandle Co., or if its subsidiaries or of any of said corporations referred to in this paragraph (c) as of August 31, 1930. The Panhandle Co. will reimburse the Pipe Line Co. with interest at the rate of 6 percent per annum from the date of such advances to the date of reimbursement for any amounts advanced by the Pipe Line Co. subsequently to corporations the stock of which is to be transferred under paragraph (a) of this article or for account of the properties other than stock, owned directly by it and to be transferred to Panhandle Co. under paragraph (a) of this article IV, other than amounts advanced for the purpose of paying debts or obligations existing on said date as provided heretofore in this paragraph.

[fol. 16588] (d) From time to time as requested by Columbia on or prior to March 15, 1931, the Pipe Line Co. will sell to Columbia all or any part of 2,000 shares of common stock of the Panhandle Co. (said 2,000 shares being 20 percent of its total outstanding stock) at the same price per share as is determined for the purchase by Columbia of the original 5,000 shares of stock of Panhandle Co.

- (q) The Pipe Line Co. either directly or through its present and/or future subsidiaries will enter into gas purchase contracts with the Panhandle Co. upon substantially the following terms:
- (1) An excess capacity contract for the purchase up to 20,000,000 cubic feet of gas per day at 18 cents per M cubic feet, without limit as to time so long as the Panhandle Co. has any excess capacity; provided, that if the Panhandle Co. can sell all or any gas at a higher price it may reduce proportionately deliveries under this excess capacity contract.
- (2) Firm contract, commencing when the Panhandle Co. gives notice to the Pipe Line Co. and Columbia that it

no longer has any excess capacity, for 10 years and thereafter with right of cancellation by either party on 1 year's notice, at the rate of 26½ cents per M cubic feet, deliveries under such contract to be as required by the Pipe Line Co. and to aggregate for each year an amount producing at least a 70 percent annual load factor based on the maximum daily delivery, which maximum shall in no case exceed 20,000,000 cubic feet per day, and after the expiration of 1 year from the effective date of this firm contract such maximum day shall not exceed the maximum day established during said first year.

- (f) The Pipe Line Co. will cause the Panhandle Co., pursuant to due corporate action, to create an issue of \$20,000,000, aggregate principal amount, of bonds substantially in accordance with schedule A hereto attached.
- (g) The Pipe Line Co. will deliver to or on the order of the City Co. 200,000 shares of the Pipe Line Co.'s common stock as presently constituted as consideration for the purchase of the bonds and the arranging of the credits hereinafter in article VI provided for and will cause the Panhandle Co. to sell and deliver to the City Co. the entire issue of \$20,000,000 aggregate principal amount, of bonds, above described in schedule A, for the purchase price paid to the Panhandle Co. of \$18,000,000, plus accrued interest on the said \$20,000,000, aggregate principal amount, of bonds from October 1, 1930, to the date of delivery, and to pay the usual expenses in connection with such financing.
 - V: Columbia agrees with parties hereto as follows:
- (a) That it will purchase the said 5,000 shares of stock of Panhandle and pay therefor the price per share determined as provided in article VIII hereof.
 - (b) That it will not exercise its right to acquire any of the 2,000 shares of stock of Panhandle referred to in paragraph (d) of article IV hereof unless simultaneously therewith it shall have contracted to sell to one or more oil, gas, or utility companies the stock so to be acquired by Columbia from the Pipe Line Co. and an equal amount of similar stock then owned by Columbia, and unless Columbia and the Pipe Line Co. have agreed otherwise, as a part of the contract the purchaser has agreed to contribute its pro

rata share of any additional financing referred to in article VII, paragraph (a).

[fol. 16589] (c) That it will cause the Columbia Gas & Electric Corporation, either directly or through its present and/or future subsidiaries, to enter into gas-purchase contracts with the Panhandle Co. at or near the Indiana-Illinois State line upon substantially the following terms:

- (1) An excess-capacity contract for the purchase up to 20,000,000 cubic feet of gas per day at 18 cents per M cubic feet, without limit as to time so long as the Panhandle Co. has any excess capacity, provided that if the Panhandle Co. can sell all or any gas at a higher price it may reduce proportionately deliveries under this excess-capacity contract.
- (2) Firm contract, commencing when the Panhandle Co. gives notice to the Pipe Line Co. and Columbia that it no longer has any excess capacity, for 10 years and thereafted with right of cancellation by either party on 1 year's notice, at the rate of 26½ cents per M cubic feet, deliveries under such contract to be as required by Columbia and to aggregate for each year an amount producing at least a 70-percent annual load factor based on the maximum daily delivery, which maximum shall in no case exceed 30,000,000 cubic feet per day, and after the expiration of 1 year from the effective date of this firm contract such maximum day shall not exceed the maximum day established during said first year.

VI. The City Co. agrees with the parties hereto:

- (a) That it will purchase the said bonds described in sparagraph (f) of article IV and will pay the purchase price therefor on the closing date.
 - (b) That it will arrange a credit from the National City Bank of New York to the Panhandle Co. of—
 - (1) \$3,000,000, effective at once and running until the closing date in this agreement;
 - (2) \$5,000,000, given on or before October 10, 1930, and running until 30 days after said closing date, provided, that the Panhandle Co. will apply out of the proceeds from the sale of its bonds so much as it may draw down for September construction to the earlier repayments of such credit;

- (3) From time to time, so long as any of the proceeds from the sale of said bonds remain in escrow with the trustee, on or before the 10th day of any month, an amount substantially equivalent to the cash which during that month the Panhandle 50, may be entitled to withdraw from escrow for expenditures made by it in the previous month.
- VH. The Pipe Line Co. and the Columbia agree with the parties hereto:
- (a) That they will, subject to the provisions of article V, paragraph (b) hereof, advance to the Panhandle Co. in equal amounts all cash in excess of that expended or for which liabilities as determined by Arthur Andersen & Co. existed, on August 31, 1930, and of the proceeds of the bond issue, necessary to complete the pipe line under construction from Texas to the Indiana-Illinois State line and take therefor notes and common stock in the ratio of \$90 in notes and \$10 in two shares of common stock as presently constituted, provided that the notes shall be specifically subordinated to the bonds and shall mature at a date later than the maturity of the bonds.

[fol. 16590] (b) In the event the total cost of the completion of the pipe line heretofore in this article VII referred to is less than \$40,000,000, then the Panhandle Co. will deposit with the trustee for the bonds the difference between \$40,000,000 and such total cost. Such deposit may be withdrawn from time to time by the Panhandle Co. for 100 percent of capital expenditure subsequently mide or such deposit shall be returned to the Panhandle Co. from time to time upon cancelation or redemption of bonds (other than out of sinking-fund moneys) in amounts equal to 200 percent of the principal amount of bonds so canceled or redeemed. In the event such total cost is in excess of \$40,000,000, then the Panhandle Co. shall be entitled to have additional bonds delivered to it equal in principal amount to 50 percent of such excess.

(c) That they will cause the Panhandle Co. to put the pipe line into commercial operation as soon as practical after completion and to operate the same at its highest possible efficiency.

VIII. The price per share for the stock of Panhandle to be sold by the Pipe Line Co. and to be purchased by

· Columbia under the provisions of this contract shall be ascertained as follows: There shall be determined by Arthur Andersen & Co., the actual cash investment as of August 31, 1930, of the Pipe Line Co. system in the Panhandle Co, and the Panhandle's subsidiary companies as those subsidiaries now exist, such cash investment to be the actual original cash cost to the Pipe Line Co. system, plus interest thereon during construction at the rate of 6 percent per annum, and such cash cost to include the payments made for engineering services by others than companies affiliated with the Pipe Line Co. system, legal expenses, taxes during construction, organization costs, cost of franchises and the \$631,000 expended by the Panhandle Co. for gas sale or gas purchase contracts. To such aggregate cash investment shall be added the debts and obligations existing of the Panhandle Co. and its subsidiaries on August 31, 1930, to be paid by the Pipe Line Co. as per article IV parass graph (c) above (these debts and obligations not to include those of the subsidiaries of the Pipe Line Co. whose stock is to be transferred to the Panhandle Co. as per said article IV paragraph (c)). To the sum so ascertained shall be added \$7,333,000. The price per share of Panhandle stock shall be obtained by dividing the total sum by 10,000 and adding interest on said price at the rate of 6 percent per annum from August 31, 1930, to the date of payment for each share of stock.

IX. The parties hereto agree that the certificate of incorporation of Panhandle Co. will be amended to restore to the common stock of that company a preemptive right in respect to any further issue of voting stock.

X. The parties hereto agree that delivery and payment for shares of stock and bonds heretofore provided for in paragraph (a) of article V-and payagraph (a) of article VI shall be made at the corporate trust department of the City Bank Farmers Trust Co., 52 Wall Street, Borough of Manhattan, city and State of New York, on October 7, 1930, between the hours of 10 a.m. and 12 noon, on that day, which date is sometimes heretofore called the "closing date."

XI. This contract is entered into by the City Co. upon the following conditions:

[fol. 16591] "(a) The legality of the issue of the bonds of the Panhandle Co., referred to in article IV hereof, the title of the Panhandle Co. to its properties, the legality and sufficiency of any and all franchises necessary for their present operations and for operations presently contemplated, and all other legal details in connection with the execution of this contract shall be subject to approval of counsel for the City Co.

- "(b) In case Columbia shall for any reason fail to purchase the stock of the Panhandle Co. then the City Coshall, at its option, have the right to withdraw from this contract and to be relieved from any and all obligation hereunder, upon giving to the Pipe Line Co. notice of exercise of its said option."
- XII. Anything herein to the contrary notwithstanding should the City Co. for any reason fail to perform its obligations under this contract, the obligation of Columbia and the Pipe Line Co. hereunder shall continue, in which event Columbia and the Pipe Line Co. will, subject to the provisions of article V, paragraph (b) hereof, advance to the Panhandle Co. in equal amounts all cash in excess of that expended or for which liabilities as determined by Arthur Andersen & Co. existed on August 31, 1930, necessary to complete the pipe line under construction from Texas to the Indiana-Illinois State line and take therefor notes and common stock in the ratio of \$90 in notes and \$10 in two shares of common stock as presently constituted, provided that the notes shall be specifically subordinated to the bonds and shall mature at a date later than the maturity of the bonds.
- XIII. The Pipe Line Co, will cause the Panhandle Co. to deliver to the City Co. a letter signed by the president of the Panhandle Co. descriptive of its properties and the project and of the bonds in reasonable detail and in form satisfactory to the City Co. Columbia will cooperate in the preparation of such letter. From time to time the Pipe Line Co. and Columbia will cause the Panhandle Co. to furnish the City Co. with quarterly statements of operations and balance sheet in reasonable detail.

XIV. If within 15 days after written notice that payment will be required by the Panhandle Co. for the comple-

tion of its pipe line, either Columbia or the Pipe Line Co. shall fail to provide their share of the necessary funds required as provided in article VII, paragraph (a), or in article XII hereof, the party not in default may itself provide such funds and shall be entitled to receive from the Panhandle Co. therefor the same securities as would have been given to the other party so in default if it had made the advance and the right of the party in default to proceed further with such financing shall terminate.

In witness whereof, the parties hereto have executed this contract by their duly authorized officers, the day and year first above written.

MISSOURI-KANSAS PIPE LINE CO.,
By Frank P. Parish, President.

THE NATIONAL CITY CO., By Stanley A. Russell, Vice President.

COLUMBIA OIL & GASOLINE CORPORATION, By Philip G. Gossler, President.

[fel. 16592] Schedule A.—Panhandle-Eastern Pipe Line Bonds

Security.—First mortgage on all fixed property of company except so-called "operating properties" around Kansas City—term 20 years—open and in amount provided that bonds, in addition to the initial amount of series A, may be issued from time to time of the same or different series.

- (a) To the extent of 50 percent of the cash cost or fair value of property constructed or acquired and subject to the lien of the first mortgage in excess of the first \$40,000,000 expended upon said mortgaged properties, and,
- (b) For issuance of bonds subsequent to October 1, 1933, if net earnings, after all operating expenses, deple-

tion, and depreciation charges, for 12 months out of the 15 months immediately preceding the date of issue of additional bonds, shall have been in each case, at least twice the total annual interest charges on the amount of bonds outstanding and proposed to be issued.

Initial issue—\$20,000,000, principal amount, series A bonds, to be dated October 1, 1930, and to mature October 1, 1950, with interest at the rate of 6 percent per annum payable semiannually, in the usual denominations and with the usual provisions regarding taxes, namely, that the company shall pay the normal Federal income tax of 2 percent and Pennsylvania; Connecticut, Maryland, and California security or personal property taxes, and Massachusetts and Wisconsin income taxes, not exceeding 6 percent. Bonds to be redeemable during the first 15 years of their life at 105 and thereafter at a premium decreasing 1 percent for each year.

Disposition of proceeds.—Proceeds of original issue of bonds to be left with trustee and drawn down to the extent of 100 percent of the cash cost or fair value of property constructed or acquired after August 31, 1930, and subject to the lien of the first mortgage.

Sinking fund.—Beginning April 1, 1933, and semiannually thereafter, the company shall retire either by purchase or redemption on each semiannual interest date \$300,000, principal amount of bonds of series A. As an additional sinking fund in any year in which the company pays cash dividends aggregating in excess of \$1,000,000, a sum in cash equivalent to the excess dividends so paid shall be utilized in the purchase or redemption of bonds.

Retirement covenant.—All of the series A bonds shall be retired by redemption or purchase through the sinking fund in the event there is any permanent retirement of the investment made or to be made by the common stock interests in the company represented by stock or subordinated notes.

[fol. 16593] New York, N. Y., September 30, 1930.

It is agreed that the closing date mentioned in a certain contract between the undersigned, dated September 17, 1930, be extended to October 14, 1930.

MISSOURI-KANSAS PIPE LINE

By Frank P. Parish, President.

THE NATIONAL CITY CO., By J. P. Ripley, Vice President.

COLUMBIA OIL & GASOLINE CORPORATION,
By P. G. Gossler, President.

New York, N. Y., October 8, 1930.

It is agreed that the closing date mentioned in a cerpain contract between the undersigned, dated September 17, 1930, which has been extended to October 14, 1930, be further extended to October 22, 1930.

MISSOURI-KANSAS PIPE LINE CO..

By Frank P. Parish, President.

THE NATIONAL CITY CO., By J. P. Ripley, Vice President.

COLUMBIA OIL & GASOLINE CORPORATION, E. Raynolds, Jr./ Vice President.

Memorandum of agreement dated October 23, 1930, between Columbia Oil & Gasoline Corporation (hereinafter called the "Oil Co.") Missouri-Kansas Pipe Line Co. (hereinafter called "Missouri-Kansas"), and the National City Co. (hereinafter called the "City Co.").

The parties hereto have executed a contract under date of September 17, 1930 (hereinafter called the "contract"), as amended by subsequent agreements. Said contracts in article VIII thereof provides for the method in which the

price per share of stock of the Panhandle Eastern Pipe Line Co. (hereinafter called "Panhandle"), to be purchased by the Oil Co, under the provisions of the contract, shall be ascertained.

First. In adjustment of a dispute existing between the parties as to the amount required to be paid by the Oil Co., under the contract for said shares of Panhandle stock, it is agreed that the computation of the purchase price per share of Panhandle stock to be purchased by Columbia is to be computed exactly as set out in article VIII of the contract, except that the figure of \$7,333,000 [fol. 16594] therein mentioned shall be reduced to \$6,453,000 and the computation of interest therein provided for shall be correspondingly adjusted. The purchase price per share of Panhandle's stock to be paid by Columbia as of the date hereof, before calculating interest from August 31, 1930, is accordingly \$1,938.58%.

Second. The book value of the property to be transferred by Missouri-Kansas to Panhandle, according to article IV (a) of the contract shall be not less at the closing date than on August 31, 1930 with revaluation of any of the items. Under date of October 22, 1930, Arthur Audersen Co. advised Columbia and Missouri-Kansas that the book value of the items referred to, exclusive of investments, was as follows:

Particulars-August 31, 1930

Book value of assets to be transferred by Missouri-Kansas Pipe Line Co. to Panhandle Eastern Pipe Line Co. (paragraph (a) article IV):

Pipe lines, compressors, etc., exclusive of Kentucky division properties 2,417,948.52

Materials and supplies at book values 46,140.41

They further state, with reference thereto, as follows: "The book value of the properties located in Kentucky and Southern Indiana have been determined as accurately as was possible in the time available. As noted above, the book value of the Kentucky division properties has been excluded in the foregoing tabulation at both dates."

Third. The rights and obligations of the parties under the said contract of September 17, 1930, as heretofore and hereby amended, are in full force and effect, notwithstanding the failure of the parties to close the transaction covered thereby on October 22, 1930. The date of October 23, 1930, is the closing date.

Witness the signatures of the above parties.

COLUMBIA OIL & GASOLINE CORPORATION, By E. Reynolds, Jr., Vice President. MISSOURI KANSAS PIPE LINE CO., By Frank P. Parish, President. THE NATIONAL CITY CO., By J. P. Ripley, President.

fol. 16595]

(Exhibit 257.)

Panhandle Eastern Pipe Line Company And Subsidiary Companies
Reconcilement Of Net Income Per Books.

With Estimated Excess-Profits Net Income For The Year 1941
As Shown On Line 1, Page 1, Column (C) Of Exhibit 202

Panhandle Eastern Pipe Line Company.

Line No.	(A)			。 (B)		٠.٠	(C)	
1	Net income per books for the year 1941		*******			. 84	689	242
2	Additions:					*		
3	Provision for Federal income tax	9	\$1	791	107			
4	Provision for Federal excess-profits tax		1	582	775	*		
5	Provision for injuries and damages			12	000			
- 6	Provision for uncollectible accounts			7	200	9	•	N
7 0	Excess of book provision for amortization							
8	of unoperated leaseholds over deduction	,						
9.	claimed			- 5	324	3	398	406
			-		*			N. S. prontinglism

685	4		
A			
11	Deductions:		
12	Excess of deduction claimed for deprecia-		*1
13	tion over book provision	166 657	
14	Excess of deduction claimed for depletion	100 001	
15	over book provision	201 316	
16	Excess of deduction claimed for amortiza-	201 310	
17	tion of debt discount and expense over	6	
18	book provision	98 100	
19	Cost of acidizing gas wells capitalized	86 408	
20 .	Productive well drilling costs capitalized	8 700	
21		34 150	
-	Property removal costs	12.000	
22	Unrecovered cost of extraordinary retire-		
23	ment	85 600	
24	Interest expense capitalized	11 775	
25	Amortization of Creve Couer line exten-		
26	sion costs	3 042	4,
27	Regulatory commission investigation expense		
28	deferred on books	128 000	737 648
	•		1
29	Estimated excess-profits net income as	1.	/
30	shown on Line 1, Page 1, Column (C) of		1.
31	Exhibit 202		\$7 350 000
		-	
[fol:	[6596]		
	Reconcilement Of Net Income Per B With Estimated Excess-Profits Net Income For As Shown On Line 1, Page 1, Column (F) Of	The Yea	
		1	W _
	Illinois Natural Gas Company	. 14	1
Line)	
No.			2.
-	(A)	(B)	(C)·
1.		(B)	
2	Net income per books for the year 1941	(B)	(C) \$115 251
	Net income per books for the year 1941	(B)	
63 .	Net income per books for the year 1941 Additions:		
3	Net income per books for the year 1941 Additions: Provision for Federal income tax	\$40 000	
4	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages	\$40 000 \$600	\$ 115 251
	Net income per books for the year 1941 Additions: Provision for Federal income tax	\$40 000	
4	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages	\$40 000 \$600	\$115 251 47 200
4 5 6	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages Provision for uncollectible accounts	\$40 000 \$600	\$ 115 251
5	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages Provision for uncollectible accounts Deductions:	\$40 000 \$600	\$115 251 47 200
4 5 6	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages Provision for uncollectible accounts	\$40 000 \$600	\$115 251 47 200
4 5 6 7 8	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages Provision for uncollectible accounts Deductions:	\$40 000 \$600	\$115 251 47 200
4 5 6 7 8	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages Provision for uncollectible accounts Deductions: Excess of deduction claimed for depreciation	\$40 000 \$600 3 600	\$115 251 47 200 462 451
4 5 6 7 8 9	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages Provision for uncollectible accounts Deductions: Excess of deduction claimed for depreciation over book provision Social security taxes capitalized	\$40 000 \$600 3 600	\$115 251 47 200 462 451
4 5 6 7 8 9 10	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages Provision for uncollectible accounts Deductions: Excess of deduction claimed for depreciation over book provision Social security taxes capitalized Property removal costs	\$40 000 \$600 \$600 3 600 33 074 789 129	\$115 251 47 200 462 451
4 5 6 7 8 9 10	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages Provision for uncollectible accounts Deductions: Excess of deduction claimed for depreciation over book provision Social security taxes capitalized	\$40 000 \$600 3 600 3 074 789	\$115 251 47 200 462 451
4 5 6 7 8 9 10 11 12	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages Provision for uncollectible accounts Deductions: Excess of deduction claimed for depreciation over book provision Social security taxes capitalized Property removal costs Federal capital stock tax adjustment	\$40 000 \$600 \$600 3 600 33 074 789 129	\$115 251 47 200 462 451
4 5 6 7 8 9	Net income per books for the year 1941 Additions: Provision for Federal income tax Provision for injuries and damages Provision for uncollectible accounts Deductions: Excess of deduction claimed for depreciation over book provision Social security taxes capitalized Property removal costs	\$40 000 \$600 \$600 3 600 33 074 789 129	\$115 251 47 200 462 451

36 163

fol. 16597]

Panhandle Eastern Pipe Line Company And Subsidiary Companies Reconcilement Of Net Income Per Books With Estimated Excess-Profits Net Income For The Year 1941 As Shown On Line 1, Page 1, Column (I) Of Exhibit 202.

Line.	th.			,
No.	(A)	(B).		(C)
_	• • • • • • • • • • • • • • • • • • • •			
-1	Net income per books for the year 1941	2.4		\$509 899
2	Additions:			
3	Provision for Federal income tax	\$222 708	40	#
- 4	Provision for Federal excess-profits tax	91 757		
5	Injuries and damages reserved	7 451		
6	Contingent interest expense reserved	12 769		
7 .	Cost of obtaining contracts expensed on books	7 353		342 038
•	_	· · · · ·		
8				851 937
9	Deductions:			Q
10	cInterest expense capitalized	4 179		
11 -	Social accurity taxes capitalized	831		
12	Social security taxes charged depreciation reser	ve 17		
13	Federal capital stock tax adjustment	1 946		
14	Regulatory commission investigation expense			
15.	deferred on books	33 964		40 937
2 *	. 4.		- 1	
		*		
16	Estimated excess-profits net income as shown			
17	on Line 1, Page 1, Column (I) of Exhibit 202		-	\$811 000
			(3. =	1

[fol. 16598

Panhandle Eastern Pipe Line Company And Subsidiary Companies

Reconcilement Of Net Income Per Books

With Estimated Excess Profits Net Income For The Year 1941

As Shown On Line 1, Page 1, Column (L) Of Exhibit 202

Indiana Gas Distribution Corporation Line No. (A) · (C) Net income per books for the year 1941 \$23 280 2 Additions: 3 Provision for Federal income tax \$9 361 4 Provision for Federal excess-profits tax 2 522 Provision for injuries and damages 1 000

7 Deductions:
8 Excess of deduction claimed for depreciation over
9 book provision 163
10 Estimated excess profits net income as shown on Line 1, Page 1, Column (L) of Exhibit 202 \$36 000

[fol. 16599]

(Exhibit 258.)

Findings and Opinion of the Commission

For Release in Morning Newspapers of Wednesday, April 1, 1942

> Securities and Exchange Commission Philadelphia

Holding Company Act Release No. 3415

In the Matter of

Columbia Gas & Electric Corporation, Columbia Oil & Gasoline Corporation, Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation, Indiana, Gas Distribution Corporation, The Ohio Fuel Gas Company.

File Nos. 59-33, 70-268, 70-371, 70-387, 70-430, 70-431

(Public Utility Holding Company Act of 1935)

Integration of Holding Company System

Where subsidiary company engaged in business of producing, purchasing, transmitting, and selling natural gas buys only a very minor portion of its gas from, sells negas to, and has no operating interrelationship with any other company in the holding company system, held that non-utility properties of subsidiary are not reasonably incidental, or economically necessary or appropriate to the operations of any integrated utility system retainable by

the holding company; that the utility properties of the subsidiariary cannot be regarded as part of any retainable integrated utility system of the holding company; and that under Section 11 (b) (1) the subsidiary must be divorced from the holding company system.

Distribution of Voting Power Among Security Holders

Disproportion between Investment and Voting Power

Where preferred stock which represents only 1.32% of total capitalization and 2.35% of capital stock and surplus carries with it the right to elect two directors and a share-for-share vote on all other matters, held that such voting rights are in disproportion to the interest which the stock represents; that the circumstances under which the voting power was acquired are not controlling if, in fact, disproportion exists at the time the issue is presented to the Commission; that at the present time such voting rights constitute an unfair and inequitable distribution of voting power; and that under Section 11 (b) (2) the votings rights must be canceled.

[fol. 16600] Appearances:

William Nowlin and Sidney Willner, for the Public Utilities Division of the Commission

William H. Button, James B. Aliey, and Charles R. Lewther, for Columbia Oil & Gasoline Corporation.

Wayne Johnson, Jr., and Edward S. Pinney, William Wemple, and Frederick S. Beebe, of Cravath, DeGersdorff, Swaine & Wood, for Columbia Gas & Electric Corporation.

Robert J. Bulkley, Arthur Logan, Russell Hardy, and Richard B. Hand, for Missouri-Kansas Pipe Line Company.

Edwin N. Goodwin and William L. Glenn, for Panhandle Eastern Pipe Line Company.

J. G. Laylin and John F. Meck, for W. H. Danforth.

John D. Ellis, for the City of Cincinnati.

James H. Lee, for the City of Detroit.

Kenneth L. Sater for the Public Utilities Commission of Ohio.

Eugene Bleiweiss, for Abner Goldman.

These proceedings are a consolidation of various applications and declarations filed by the above-named companies and action instituted by the Commission under Sections 11 (b) (1), -11 (b) (2), 12 (c), 12 (f), and 15 (f) of the Public Utility Holding Company Act of 1935. The history and background of the proceedings have been set forth at some length in a prior opinion (Holding Company Act Release No. 3286) and need not be repeated here. ¹

Two questions are now before us for disposition: (1) Whether Panhandle Eastern Pipe Line Company may be retained in or must be divorced from the holding company system of Columbia Gas & Electric Corporation under Section 11 (b) (1) of the Act; and (2) whether by reason of the voting rights of the Class B Preferred Stock of Panhandle Eastern Pipe Line Company there is an unfair or inequitable distribution of voting power which must be rectified under Section 11 (b) (2) of the Act.

The hearings on these two questions have been closed. Briefs have been filed and oral argument has been presented. Various subsidiary questions of jurisdiction and procedure raised by Columbia Oil & Gasoline Corporation were disposed of in our opinion and order of February 10, 1942 (Holding Company Act Release No. 3321).

[fol. 16601] I. Retention of Panhandle Eastern in the Columbia Gas System

Columbia Gas & Electric Corporation is a registered public utility holding company whose subsidiaries include gas utility companies, electric utility companies, a service

¹See also our statement of tentative conclusions issued in response to the request of Columbia Oil & Gasoline Corporation (Holding Company Act Release No. 3296), and our memorandum opinion and order disposing of various motions filed by Columbia Oil & Gasoline Corporation (Holding Company Act Release No. 3321).

company, and companies which are engaged in the production and transmission of natural gas. The gas companies operate in Ohio, Pennsylvania, West Virginia, Kentucky, New York, Maryland, Virginia; and Indiana.

Panhandle Eastern Pipe Line Company is a subsidiary of Columbia Oil & Gasoline Corporation, which is in turn a subsidiary of Columbia Gas.2 Penhandle Eastern is engaged in the business of producing, purchasing, transmitting, and selling natural gas. It obtains its gas from the Amarillo and Hugoton fields, and its pipe lines extend through Texas, Oklahoma, Kansas, Missouri, and Illinois to a point on the Indiana-Illinois border near Dana, Indiana, where a connection is made with the lines of Michigan Gas Transmission Corporation, a recently acquired wholly-owned subsidiary. Gas transmitted through these lines is delivered to the Michigan Consolidated Gas Company, a non-affiliate which serves the City of Detroit. Indiana Gas Distribution Corporation, a recently acquired wholly-owned subsidiary of Panhandle Eastern, owns spurs along the Michigan Gas Transmission lines and sells gas at retail in Michigan and Indiana to approximately 1,800 customers, including one large industrial company, Illinois Natural Gas Company, also a wholly-owned subsidiary of Parhandle Eastern, sells gas at wholesale in Illinois. Panhandle Eastern also controls another small line running from Indiana into Ohio and back into Indiana:

There are no connections between the lines of Panhandle Eastern and its subsidiaries and those of any other company in the Columbia Gas system, except for a connection with a line of The Ohio Fuel Gas Company (a Columbia Gas subsidiary) in Ohio. At that point there is a connection separated by a valve which is normally closed. The interchange of gas between Ohio Fuel and the Panhandle Eastern lines is negligible and there are no billings for such interchange. Panhandle Eastern and its subsidiaries buy no other gas from, sell no gas to, and have no operating interrelationship with any other com-

pany in the Columbia Gas system. The entire capacity of Panhandle Eastern and its subsidiaries is required for its own customers.

All parties to the proceedings and all persons who have been heard appear to agree that the properties of Panhandle Eastern and its subsidiaries bear no operating relationship to any other properties in the Columbia Gas system and must be divested from the system. Counsel for Columbia Gas have taken the position that they are "willing not to oppose an order of divestiture so long as that order of divestiture was directed not only to Columbia Gas but to Columbia Oil as well." Counsel for Columbia Oil stated at the argument before us: "We want Panhandle out of the Columbia Gas system, but we want the cut between Columbia Gas and Columbia Oil, rather than between Columbia Oil and Panhandle."

[fol. 16602] At this stage of the proceedings we are not concerned with the method by which Panhandle may be divorced from the Columbia Gas System. The question before us at this time is whether, under Section 11 (b) (1), we should require that there be divestment. On the basis of the record we find-and apparently all the parties agree—that the properties of Panhandle Eastern and its subsidiaries bear no operating relationship to the properties of any other company in the Columbia Gas system, specifically that the non-utility properties of Panhandle Eastern and its subsidiaries are not reasonably incidental. or economically necessary or appropriate to the operations of any integrated utility system retainable by Columbia Gas and that the utility properties cannot be regarded as part of any retainable integrated utility system. Accordingly, we find that Section 11 (b) (1) of the Act requires Panhandle Eastern and its subsidiaries to be divorced from the Columbia Gas system. Since Columbia Gas' interest in Panhandle Eastern is held through Columbia Oil, our order will be directed against both Columbia Gas and Columbia Oil. However, we again emphasize that we are not at this time expressing any opinion as to whether divestment should be accomplished by severance between Columbia Gas and Columbia Oil, between Columbia Oil and Panhandle Eastern, or in some other manher. The method of divestment will be the subject of fu-

II. The Voting Rights of Panhandle Eastern's Class B Preferred Stock

The remaining question to be decided at this time is whether it is necessary on appropriate to require under Section 11 (b) (2) that Panhandle Eastern take steps to rectify any unfair and inequitable distribution of voting power among its security holders.

As of September 30, 1941, the pro forma capitalization of Panhandle Eastern based upon the contemplated acquisitions and security issues which were subsequently consummated was, as follows:

Funded Debt

\$33,264,256 - Preferred Stock Class B-10,000 shares Cumulative Preferred-150,000 shares [fol. 16603] Common Stock and Surplus Common Stock-807,367 shares Earned Surplus 20,184,175 6,323,041a \$26,507,216 \$75,771,472,	First Mo First Mo Serial N	ortgage Series rtgage Series rtgage Series otee, 1942-194 d Parchase C	B, S. F. 3's C, S. F. 3's	1960 12,0 1962 10,0 5,0	50,000 00,000 00,000 00,000 14,256
Cumulative Preferred—150,000 shares 15,000,000 \$16,000,000 \$16,000,000 [fol. 16603] Common Stock and Surplus Common Stock—807,367 shares 20,184,175 6,323,041a \$26,507,216	Preferred	Stock		\$33,2	64,256
[fol. 16603] Common Stock and Surplus Common Stock—807,367 shares Earned Surplus 20,184,175/6,323,041a 326,507,216				ares : 15,0	00,000
Earned Surplus 6,323,041a \$26,507,216	[fol. 16603]	Common S	tock and Su	, , ,	
			57 shares		
\$75,771,472,				\$26,5	07,216
	•	*		\$75,7	71,472,

^{\$2.081,485} of debt discount and expense and call premiums have been written off since September 30, 1941, and have consequently, been deducted from this surplus figure.

Of the 807,367 shares of common stock, 404,326 shares, or 50.1%, are held by a trustee for the benefit of Columbia Oil; 339,475 shares, or 42%, are owned by Missouri-Kansas Pipe Line Company (Mokan); and the remaining 7.9% is distributed among 1,700 shareholders. The 150,000 shares of cumulative preferred stock were recently issued for distribution to the public pursuant to applications and declarations filed with us. ³Columbia Oil is the beneficial owner of the entire block of Class B preferred.

The Class B stock, all of which is beneficially owned by Columbia Oil, represents an interest of \$1,000,000 in Panhandle Eastern, or 1.32% of its total capitalization and 2.35% of its capital stock and surplus. This stock carries with it the right to elect two directors of Panhandle Eastern and a share-for-share vote on all other matters. At present there are nine directors of Panhandle Eastern but the charter would seem to permit a revision of the bylaws to change this number.

The circumstances incident to the issuance of this B stock have been explained in an earlier opinion. Prior to the time the stock was issued Columbia Gas and Columbia Oil were the defendants in anti-trust litigation instituted. by the Department of Justice. In that litigation it was charged that the defendants were dominating and controlling the management and operation of Panhandle Eastern for the purpose of preventing competition between that company and Columbia Gas, and were thereby creating a restraint of trade in violation of the anti-trust laws. At the same time Columbia Gas and Columbia Oil were also defendants in an action brought by Mokan under the anti-trust laws for treble damages. Panhandle Eastern, moreover, was in severe financial difficulties. course of negotiations for a settlement of both the antitrust actions, Panhandle Eastern was reorganized and refunded. As an incident of the refunding operation, Columbia Oil, upon surrender of \$11,000,000 of nvertible preferred stock of Panhandle Eastern, received the Class B Stock in question and a Class A Cumulative Participating

^aSee Holding Company Act Release No. 1286.

^{&#}x27;Holding Company Act Release No. 3286.

Preferred Stock in an amount of \$10,000,000. The Class A stock has now been redeemed. Consequently, any equity which may have existed in endowing the Class B stock with the voting privileges described above, and in thereby affording some protection for the \$11,000,000 interest, has now been dissipated by the redemption of 90% of that sum. The voting power of the B Stock now remains as a pure device to insure control.

[fol. 16604] In attempting to justify the retention of this voting power, however, counsel for Columbia Oil has urged that Columbia Oil paid adequate consideration therefor and that the only interested parties at the time of the stock issuance acquiesced in its grant. Counsel has also argued that the investors who have since purchased the confmon stock of Columbia Oil acquired their interests subject to the settlement agreement creating the stock.

We cannot agree with this contention. Acceptance of Columbia Oil's argument would, to a considerable extent, nullify Section 11 (b) (2), for there are few instances in which an existing unfair and inequitable distribution of voting power does not have its origin in the corporate tructure created at the organization of the corporation, and all stockholders buying into the corporation thereafter might be presumed, in the same sense that they are here, to have acquiesced in the existing corporate structure. Voting power is generally fixed by the promoters and managers at a time when the public investor is in no position to assert a claim to a fair share of the management of a corporation. If the allocation of voting power under these circumstances is to be considered a contract which subsequent investors cannot question and which the Commission cannot question on their behalf, then Section 11 (b). • (2) would become almost wholly meaningless. Section 11 ...

sin connection with Columbia Oil's argument that all interested parties in Panhandle Eastern have acquiesced in the present distribution of voting power, it may also be appropriate to point out that a new investing interest which has bought \$10,000,000 of preferred stock—and that this new preferred stock was issued and pirchased pursuant to approval by this Commission in an opinion in which the Commission indicated that the fairness of the voting power of the new stock should be considered in light of the fact that the voting power of the Class B stock prima facie inequitable and would probably be modified in the pending proceedings under Section 11 (b) (2).

(b) (2) was designed to remove the inequities resulting from the exercise of control through disproportionately small investments. The circumstances under which the voting power was acquired are not controlling if, in fact, disproportion exists at the time the issue is presented to us. In the particular case, even if we assume that the voting power conferred by the B stock was fair and equitable at the time of the original issuance of the A and B stock to Columbia Oil, certainly a patent disproportion between the control and the investment represented by the B stock came into being on liquidation of the A stock.

We find that the voting rights of the Class B Preferred Stock of Panhandle Eastern Pipe Line Company are in disproportion to the investment which this stock represents, and that such voting rights constitute an unfair and inequitable distribution of voting power in Panhandle Eastern Pipe Line Company.

[fel. 16605] A further question remains as to what steps must be taken to rectify this unfair and inequitable distribution of voting power. In our opinion, as long as this B stock remains outstanding, the simplest and most direct method for achieving that result is to require that the voting power of the Class B stock be canceled. Our order will so provide. However, the parties may, if they so desire, submit any alternative plan of action which they deem appropriate to cure the unfair and inequitable distribution of voting power, including any plan for the retirement and redemption of the stock, and if such plan is approved, it will supersede our order in this respect.

Our findings and order herein relate only to the two questions which are now before us for disposition. The remaining issues in the consolidated proceedings will be the subject of future hearings.

An appropriate order will issue.

By the Commission (Chairman Purcell, Commissioners Healy, Pike, Burke, and O'Brien).

FRANCIS P. BRASSOR, Secretary.

(Seal)

[fol. 16606] Order Requiring Divestiture Pursuant to Section 11 (b) (1) and Redistribution of Voting Power Fursuant to Section 11 (b) (2).

United States of America Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission, held at its office in the City of Philadelphia, Pennsylvania, on the 31st day of March A. D., 1942.

In the Matter of

Columbia Gas & Electric Corporation, Columbia Oil & Gasoline Corporation, Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation, Indiana Gas Distribution Corporation, the Ohio Fuel Gas Company,

Files Nos. 59-33, 70-263, 70-371, 70-387, 70-430, 70-431. (Public Utility Holding Company Act of 1935).

The Commission having instituted proceedings under Sections 11 (b) (1), 11 (b) (2), 12 (c), 12 (f), and 15 (f) of the Public Utility Holding Company Act of 1935, and having ordered that evidence be taken with respect to (1) whether Panhandle Eastern Pipe Line Company may be retained in, or must be divorced from, the holding company system of Columbia Gas & Electric Corporation under Section 11 (b) (1) of the Act, and (2) whether, by reason of the voting rights of the Class B Preferred Stock of Panhandle Eastern Pipe Line Company, there is an unfair or inequitable distribution of voting power which must be rectified under Section (11) (2) of the Act;

Hearings on these two issues having been held after due notice, the Commission having heard argument with respect to the said issues, having duly considered the record and being fully advised in the premises, and having this day made and filed its findings and opinion herein;

It is Ordered, on the basis of such findings and opinion:

(1) That, pursuant to Section 11 (b) (1) of the Public Utility Holding Company Act of 1935, respondents Columbia Gas & Electric Corporation and Columbia Oil & Gasoline Corporation shall take all necessary and appropriate

steps to sever the relationship of Columbia Gas & Electric Corporation with Panhandle Eastern Pipe Line Company by disposing, or causing the disposition, in any appropriate manner not in contravention of the applicable provisions of the Act or the rules and regulations promulgated thereunder, of Columbia Gas & Electric Corporation's direct and indirect ownership, control, and holding of securities issued by and the properties of Panhandle Eastern Pipe Line Company and its subsidiaries;

(2) That, pursuant to Section 11 (b) (2) of the Public Utility Holding Company Act of 1935, the voting power of the Class B Preferred Stock of Panhandle Eastern Pipe Line Company shall be canceled, provided, however, that the respondents may, if they so desire, submit any alternative plan of action which they deem appropriate to cure the unfair and inequitable distribution of voting power, [fol. 16607] including any plan for the retirement or redemption of the said Class B Preferred Stock and, provided, further, that if such plan is approved, it will supersede our order herein in this respect;

(3) That the respondents, in accordance with Section 11 (c) of the Public Utility Holding Company Act of 1935, shall comply with this order within one year from the date of its entry.

It is provided with respect to our findings, opinion, and order herein, in their entirety and with respect to the entry, publication and service thereof, that they shall be without prejudice to the right of the Commission to enter such other further and appropriate orders, from time to time, as the Commission may deem necessary to secure compliance by the respondents with the provisions of the Act and the pertinent rules and regulations thereunder in carrying out the provisions of this order; and

It is Further Provided that jurisdiction is reserved to the Commission with respect to all issues remaining in the consolidated proceedings herein, and with respect to the institution of such further proceedings as the Commission and the provisions of the Pubic Utility Holding Company Act of 1935.

By the Commission.

(Seal)

(Exhibit 259.)

Weighted Average Earnings-Price Ratios On Common Stocks*

153 Stable Industrial Companies

Indicate Market Value of Commo	Earnings Available for Common	Earnings- Price Ratios	Weights	Weighted Per Cent
(\$1,000	(\$1,000)	%	•	*
1937 \$20,334,3	335 \$ 1,452,546	7.14	- 1	7.14
1938 16,896,1	191 907,166	5.37	2	10.74
1939 18,334,3	335 1,207,721	6.59	3	19.77
1940 17,198,8	1,313,265	7.64	4	30.56
1941 12,580,3	332 1,087,691	8.65	5	43.25
	· A.d.		15	111.46
	Weight avera	ige earnings-j	orice ratio	7 43

Based on data submitted by Paul B. Coffman in Exhibit 254 and in Chart No. 11 and the table supporting that cleart in Exhibit 253.

	6868					•				
•	Page 1 of 3 Witness Hinton Right of Way Tracts	No. Required. No. Taken (C) (D)	None None	None . None	None	45	Q =	None	None	Nome
		i de la constant de l	106 463	1 262	3 450	672 133	122 464	362 800	121 200	81 000
	any Program m on		•				8	•		
Exhibit 260	Panhandle Eastern Pipe Line Company Status Of Proposed 1942 Construction Program Freduction And Gathering System South And West Of Liberal Station (Pages 27 And 28 Of Exhibit 42)	Description (A)	Drill 5 wells in Panrandle Fielf, including acidization and liners, at a cost of Install liners in 2 old wells in Panhandle Field at a cost of	Install tubing in 2 old wells in Panhandle Field costing Acidize 5 old wells in Panhandle Field, costing	Lay well lines for 5 new wells in Panhandle Field, costing Construct 5 measuring stations for new wells in Panhandle Field, costing	Construct trunk gathering line, looping present line from Hansford Station South 3.1 miles, costing	y of present gathering line by looping existing lines I gathering lines, cesting	Install 2,600 additional H.P. at Sneed Station and increase cooling tower capacity, I additional auxiliary engine and one scrubber, costing	P. at Hansford Station, Costing	construct 12 additional dwellings for comployees, including 3 at Zofness, 3 at Hansford and 6 at Sneed, one of the Hansford dwell- ings being a 19-room hotel for single employees, at a color
1			Drill 5 wells in Panrar at a cost, of Install liners in 2 old w	Install tubing in 2 old w Acidize 5 old wells in P	Lay well lines for 5 new Construct 5 measuring costing	Construct trunk gather Station South 31.1 mi	Increase capacity of present gathering lin and additional gathering lines, costing	Install 2,600 additional tower capacity, I add costing	Install 1,300 H.P. at Ha	Construct 12 additiona Zofness; 3 at Hansfori ings bering a 10 room
[fol. 16009]		JItem	a 42	, o		• •	q	•	1	

		9	6809
Witness Hinton	No. Taken (D)	None Required 1 0	8 8 I
Witness Hind	No. Required No. Taken (C) (D)	None None None 1 187	None 1
gram Fertimated	Cost (B)	358 169 358 169 15,500 220 384 850 048 324 180	47 610 2 500 13 800 18 000
Of Proposed 1942 Construction Pro Production And Gathering System South And West Of Liberal Station (Pages 27 And 28 Of Exhibit 42)		garage at Sneed uding liners and cost of Hansford, loop- st of nship 4, to near with the Optima	t of to
Status Of Proposed 1942 Construction Program Production And Gathering System South And West Of Liberal Station (Pages 27 And 28 Of Exhibit 42)	Description (A)	Build 3 garages, a 3-car garage at Hansford, a 3-car garage at Sneed and a 6-car garage at Zófness, costing Drill 19 wells in Texas County, Hugoton Field, including liners and acidization, at a cost of Install liners in 2 old wells in Hugoton Field, at a cost of Acidize 10 wells in Hugoton Field, costing Construct Cimairon River-Crossing for loop line, costing Construct trunk gathering line from Liberal toward Hansford, looping existing line approximately 32 miles, at a cost of Construct gathering line from Section 31, Township 4, to near Optima in Texas County, Oklahoma, connecting with the Optima- line, at cost of	Construct well lines for 20 new wells, costing. Construct and install 10 well dehydrators, at cost of Construct 20 measuring stations, at cost of Construct 3 houses for employees at Optima Camp, costing
Status	De	Build 3 garages, a 3-car garage at Hansford, a 3-and a 6-car garage at Zöfness, costing Drill 19 wells in Texas County, Hugoton Field, i acidization, at a cost of Install liners in 2-old wells in Hugoton Field, costing Acidize 10 wells in Hugoton Field, costing Construct Cimarron River-Crossing for loop lin Construct trunk gathering line from Liberal tow ing existing line approximately 32 miles, at a construct gathering line from Section 31, T Optims in Texas County, Oklahoma, costing Construct gathering line in Oklahoma, connecti- line, at cost of	well lines for 20 new wells, costing, and install 10 well dehydrators, at 20 measuring stations, at cost of 3 houses for employees at Optima C.
·		Build 3 garages, a 3-car garagarand a 6-car garagara Zoon Drill 19 wells in Texas Coun acidization, at a cost of Install liners in 2 old wells Acidize 10 wells in Hugoton Construct Cimarron Rivering existing line approximing existing line approximing construct gathering line Optims in Texas County Construct gathering line and Construct gathering line Instance of I	Construct well: Construct and i Construct 20 mc
	•		

Construct warehouse at Optima Camp, costing Construct, telephone line to serve at Optima gathering line, costing Construct, telephone line to serve at Optima gathering line, costing Construct, telephone line to serve at Optima gathering line, costing Construct, telephone line to serve at Optima gathering line, costing Construct, telephone line to serve at Optima gathering line, costing Construct, telephone line to serve at Optima gathering line, costing Construct, telephone line to serve at Optima gathering line, costing Construct, telephone line to serve at Optima gathering line, costing
1 380
Purchase 3 automobiles (Coupes) for serving portions of Hugoton 2 756 Field, costing 2 756 Purchase 1-ton truck for Oklahoma area, costing 1 072
of construction.
of construction. of the above items. No material on hand for opiority has been obtain

EXCIDIT 201

PANHANDLE BASTERS PIPE LINE COMPANY AND SEBSIDIARY COMPANIES.

MAIN LINE SYSTEM

APPROXIMATE COINCIDENTAL MAXIMUM DAY SALES

DURING THE WINTER PERIODS OF 1940-41 AND 1941-42

EXHIBIT NO. 261 . (100 WENTIFICATE DATE IDENTIFIED 4 23 -4

1		No. of Main I	ine Wiles from	Approximate Coin	cidental Waxin	um Day Sales - WCM
			ation Discharge	Winter Period 1940	-41	Winter Period 1941-4
1="			Compressor	(February 19,1941).	(January 7, 1942)
Los .	Point of Delivery	Miles -	Station	Firm Interruptible	Total Firm	Interruptible Total
		100				
	Test of Dans; Indiana		•			0:
**	Rurals - Texas and Oklahoma	Various	Sneed	16	16	
	Gruver, Texas	32.6		47	47	9 0.
2	Rivels - Kansas	Various	Liberal	52 -		
	Kismet, Kansas	116.0	,	25	21	
*	Winnegla, Kansas	40.9		71	01	
	Bloom, Kansas	54.1		oli 5	1 S S S S S S S S S S S S S S S S S S S	7
1	Eingsdown, Kanass	62.3	. 0			
	Bucklin, Kansas	78.2		22 0		
	Millinville, Kansas Tuka, Kansas	34:0	Greensburg	. 8	2	3
4".	Preston, Kansas	44.0	ar compound			
	Turon, Kansas	51.2		1019	101	and the second
	Langdon, Kansas	57.5	И	74.		
	Arlington, Kansas	65.7	1 011			
*4.	Tolltesster, Kansas.	37.5	Haven M	76	7 1	-7
	ing, Kensas	39.0	11 (67)			
	Kinasa .	52.1	M 4	61	The second second	
	int ord, Kansas	13.7	01pe.	. 20		
	. Pullips Petrolaum Co Sharpe Plant	28.1		- 9397	A Company of the Comp	•
	Attach, Kansas	33.2	W	. 51	21.	
- ;	Walliamsburg, Kanaga	41.0		12	8 . 0	40
	Trals - Wildred, Tensas Lateral	58.9		14	14	
٠,	Randay Karans	58.0		- 25	25 Serv	el ty built Ares
,	as wid Keness	26.0	. 6	14	14-	D. a.
	Address Address	58.0			1	D 101
4	as temis State Hospital (Kansas)	70.4		300	.500	
	- Indicates Fatrolous Co Paola Plant	73.5		286	286 -	160 A
	Telliga Tallax & Tille Co	85.8		2	100	21.34
	Bride Literty, Missouri Lateral	65.5°		CRC . 33	22	
· .	The Waster Small Co., Inc.	2003	6	130	on one of	
4.	berry, Missouri	-03.5		412 29	00 (O. A 20)	
	Excertice Springs, Wissouri	Tantaua	Louisburg	412	714 4 0	
- 1	arrisonville, Missouri	Various	Louisburg	277 22	100	20 21
	Phillips Petroleus Co Harrisonville			277 23	300	
	Plant	18.7 4		225	2000	009 4
52	Centerview, Missouri	46.3	V	3	5 2	
	Phillips Petroleum Co Leeton Plant	63.2		220	220	201 4
	Windsor, Missouri	63.2		- 64	1	93
	Houstonis, Missouri	72.4		6	. 6	78 a 80
	Pilot Crove, Missouri	24.0	Houstonia 2 =	. 24 9	28	
	, Clarksburg, Missouri	33.7		1.	71 4	1
				100	d	

Sheet 1 ... \$ 16612 6871 MEAL POWER COLLIES IN MY INT D. 6-200 TE IDENTIFIED 4-23-42 Winter Period 1041_4 (Jenuary 7, 1042) Firm Interruptible Total

PANHAMOLE MATERI PLES LIVE COMPANY AND SUBSTITUTES COMPANY IN STREETS APPROXIMATE COINCIDENTAL MATINUM DAY DALES DURING THE WINTER PERIODS OF 1940-41 AND 1941-42

			•	C.				
	No. of Main Li	ne Miles from	Appr	roximate Coine	idental	Martman Dev	Seles - MCF	
		tion Discharge		Period 190			Period 1941-43	1961
		Compressor		runty 19, 1941	P		mary 7, 1942)	
Point of Delivery	Miles 3	Station		sterruptible	Total		erruptible Tota	1
,		State of the state	No. Control of the Co		-			
West of Dana, Indiana (Cont.)						a.		
Tipton, Missouri	33.7	Houstonis	56 .		56	91	9	1
· Phillips Petroleum So - Jefferson	0							1
City Plant	33.7		. 30-	256	256	490	235 A 23	6 A
Fremum City, Missouri	33.7 34.6		1 930	4 264	6 194 4	2 852	210 3 06	2 4
Econville,	34.8		530	779	1 309 4	637		7.1
Tan A J Small Co, Inc.	35.9		86					
For Franklin, Wissourd	37.2	M 🚳	. 46	10	46	64		4
. te, Missouri	43.8	eb ' m	152		. 152	207	20	7
te Delak and Title Co	43.5	. 10	-	60	80	4		
Ant, Vispon el	59.1	H	7		. 7	11	. 1	1
Wilsell, Missiuri	59.1			61 1	464 A	500	74 A . 57	4.1
Winner's Conley Brick & Jile Co.	60.6	W			/	-	*	. 1
Tankia, Wasanti	60.6	W	1 557	722	2 279 A	.2 378	680 3 05	B &
Sollaville, Mysouri	66.3	M	3 .		3	5		50
Centralia, Missouri	0.1	Centralia	211	105	316	254	81 34	8
e Follow, Missouri 6	2.7		245	15	263	422	19 44	1 4
Lison Walker Walk- cortes Co -					100		3	
Falton	2.7	₩ 0.		1 085 4	1 083 A		1 042 4 8 1 04	2 4
Merico, Missouri	11.5		712	4 027	4 339 A	1. 150	4.030. 5.180	0 4
- crain County Home	15.0 0	·	10 g	4 +	10	14	1	4
May o helivotories Co.	15.7	- ·	-	1 525 ▲	1 525 A		1 168 4 51 16	6 3
Ladrenta, Missour	28.5		10,		10.	18	1	8
Wellsville, Wissouri - 4	28.5	- T	9 46		46	85	8	5 .
he leville Sine Brick Co.	28.5	W		-	0-	-	353 A 35	3 A
Car Marioner .	28.5	*	6		2 6	8		8-
	31.6		14	/	4	. 6	213 A 21	9
	31.6		- · ·	275 A	275 A			Co
						Farber,		
Tende la Kienari	38		-	535	- 535	-		6 A
Tarbison Walker Refractories Co	30-3		. 92	39	131	158	42 200	0 -
Vindal a	75 5			0.000				1
New Lendon, Wissourt	30.0			2 063 A	2 063 ₺	-		4 8.
Freiling Greenhouse	39.0		. 55	***	22	. 43	4,	
Souvereal Atles Cement Co	39.0		- ' '	13	13	-	20 20	
Rennilal, Missouri	39.0		1 010	5 582 A	5 585 W	-	370 A 370	
Palmyra, Vissouri	39.0	. 6	1 059	694	1 753 ▲	1 176	827 2 005	
Warblehegh Line Co. Je Marblehead and	2214		221.		221	310	310)
of utility	39.0			1126	line .		a live	
Weak- Stone & Line Co	39.0		-	436 A	. 450 A	-	346 A 346	
The Black White Line Co.	39.0			97	97		76 A 76	5 A.
Quincy, Illinois	39.0		1 708 A	101	101	a lieli e	98 1 98	5- A
Bowling Green, Missouri	51.6	* 1 . 1 .	C 273	67	1 798 A	2 404 A	2 404	
ionisiana, Wissouri	62.9		416	57	330	466	61 547	A
· Regis - Tilinois	Various	Pleasant Hill	12	53	409 4	593	69 66	2 8
(Bit Safield, Illinois	7.2	, 9			12	26	(3)) . 0
			158		158	234 A	. 23	14

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Mariaus Day Sales Winter Perio (January 7 Firm Interrupt:	1041 16	Interrup Curtai January	title 8
		9	
2 552 210 537 410	3 062 1 247 64 207	4.0	00
500 74 A	574 A	*	
2 378 680 264 81 422 19	3 058 A 345 441 A		
1 042 4		14	
150 4 030 14 1 168 A 18 353 A Served by Missouri Parber, Missouri 466 A		940	
158 42	466 ▲	239	
1 684 A 20 370 A 310	1 684 A 43 20 370 A 2 005 A	433 1 552 201	•
404 A 98 A 466 61 593 69 26	346 A 76 A 98 A 2 404 A 547 A	97 92 10	

PANHANDLE BASTERN PIPE ZINE COMPANY AND SUBSIDIARY COMPANIES

DURING THE WATER PERFORS OF 1940-41 AND 1941-42

	,				0			6				
	· g			No. of Main L	ine Miles from			incidental M				
			a a	Compressor/St	ation Discharge		r Perhod 19		Winter			
,	Class 1-	coint of Del	tware 13	Wiles	Compressor	Firm In	ruary 19, 19	Total	firm Thte	ary 7, 1942	Total	
	-	COLID EL DES	(44142	***************************************	- Jed (2011	S & S. O.S. & S.						
		at of Dane, Indiana	Cont.)							0	•	
		Readhouse, Illinola	Go.	129.5	Pleasant hill	67	fis.	87	232 A	4	232 A	
*.	70	White Hall, Illinois		/ 29.5	H . H	00	die	66	102	790	1 121 A	
		degramwille, Illinoi		70.7		4 382	271	4 613 A	732	389 161	5 943 A	
	* 17	Springfield, Jilinois	/-	70.7	и в	316	° 140	458 A	455	156	621 A	
		Clinton, Illineis	. 3	VO.7	. n				114 A		114 A	
	72	Morton, Illinois	•	70.7	11 N	3	72	. 75	102	103	200 A	
		Weatington, Illinois		70.7				77.0	117.4		117.A	
}	712	Pekin, Illinois		70.7		755	1 066 4	1 351 4	1 068 A	879 A 2	1 969 A	
-		Bartenville, Illinois	(Incl. portion	70.7		122		1 001 3	1 110		1 203 M	
63	3.	of Provis	tana per cara	70.7		1 765	4 916 A	6 681 A	2 235	3 324 A	5 559 A	
		Poorte, Illinois		70.7	si vi	7 746	4 031	- 11-777 A	9 070	5 1440	14 510 A	
		Aplerville, Illinois		50.5	Glenarm	413 A	1-1	413 A		·	505 4	
		u-stur, Milinois (Ir	icl. Camp Seymour)	22.2	erro.	2 291	656	2 947 A	3.147	1 165	110 A	
		Astour, Lallacia	<u>a</u>	63.0			e 181		33 A		73 A	
		Clincis .	<	4.0	Tuscola	218	50	268	404	- 55	450 A	
	•	-27 sore, Illinois		6.7	•	. 72:		7 . 45	145 A .		143. A	1
		Committee Liberty . Ill	ino a	6.7		2 277	589	2 966 A	2 859	1 145	4 004 A	- Page -
	9	Tale I		19.9		41		41	118 A		74 A	
		Obsident Illinois Desville, Illinois (I	nol Western Brick	39.6	V	850	283	1 133 4	1 126	. 186	1 312 A	
	*	hoo, eston, Tilinois		39.6		270 .	20)	270	313	200	313	
											4.	
		Total West of Dans, Ind	linoa	٠		35 368	37.046	72 414	48 722 2	5 571	75 293	
10-		Titel Fast of Dane, Ind	lione	44.0				167 980 A			178 868 A	
		The case of Dane, Ita	Lana	77.0				201 Jon W		-1 - 1		mpe nome.
		7091 Waln Line System	· · · · · · · · · · · · · · · · · · ·			0		240 394		- 1	254/161	
		10.00		***				s West way		, est, !	1	

Classification:

I - Direct Sales to Industrial Customers.

PI Deliveries to Michigan Gas Transmission Corp. for re-delivery to Kentucky Natural Gas Corp. and Utilities in Indiana, Ohio and Mi

R - Direct Sales to Right of Way Customers and Company Employees.

TR- Seles to Utilities for resale to Domestic, Commercial and Industrial Customers.

Notes: (a) Figures marked A are actual, all others are approximate.

	4	
l Maximum Day Sales -	MCP	YOF
Winter Period 1	olie Jio	Interruptibles
(Jeanery 7. 1	0757	° Curtail 1
(January 7, 1 Firm Interruptibl	e Total	Jenuary 7, 104
e rich interior	E 10.007	
232 A	232 A	
102	102	
k 732 389	1 121 A	
A 5 782 161	5 043 A	
A 455 - 156	621 A	
- 114 A		
102 103	-205 Å	
_117 A	117 A	
A 1.068 A	1,058 A	•
A 1 110 679 A	1 989 4	255
A 2 235 / 3 324 A	5 559 A	2 918
A 9 070 - 5 1410	14 510 A	60
A 505 A	505 A	
A 3 147 1 165	4 612 A	
130 ▲	110 A	
33 ∆ 404 55	33 ▲	
	459 A	
. 145 A	143 A	4
A 2 859 1 145	4 004 A	
74 A	74 A	
116 4	118 A	
A 1 126 186	1 312 A	40.
313	313	-
48 722 26 571	75 .007	00 010
70 122 20 212	75 293	50 510
A	178 568 4	\$
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	254 161	in .
		-

PANHAUDLE BASTRAN PIPE LINE COMPANY AND SUBSTDIARY COMPANIE.

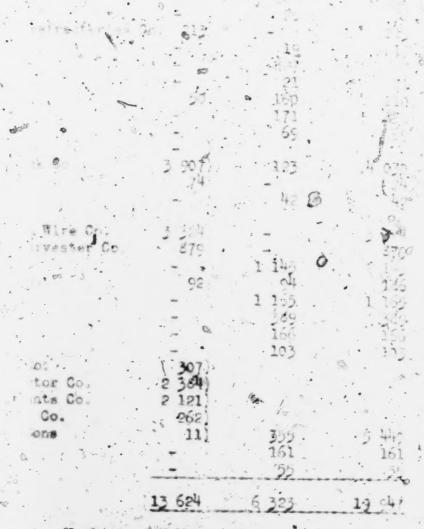
SUPPLEMENTARY STATEMENT INDICATING DETAIL OF SILES TO UTILITIES FOR RESALE TO INTERRUPTIBLE CUSTOMERS

MCF - Pebruary 19, 1941

			Other Customers		
Tivery.	Actual		Estimated	Total	-
Dona, Indiana Toccolle, Missouri Toccolle Oren, Missouri Toccolle Oren, Missouri	Power Plant	417	562 •57 105	779 - 57 105	
Actually, Missouri Excelsion Soriogs, Missouri O Lab Missouri		•	722	722 29 18	North American Refractories So.
la thely Wishour! Let amorible, Missour! Let and Olt Wissour! Lity, Missour!	Power Plant	4 066	694 23 196 189	694 23 4 264 169	Power Plant
Vario, Missouri	Power Plant A. P. Green Brick Co.	389) 3 517)	53 121 ;	53 4 027 61	Power Plant A. P. Green Brick Co Power Plant
ToloTie, Viesouri	Fower Plant heystone Steel & Wire Co.	4 916	39	4 916	Keystone Steel & Wire Co.
of the talleds Theore Theore Theore Theore Theore Theore Theore Theore	International Harvester Co.	1 066	689 283 656	1 066 689 283 656	Testern Brick Co.
Market Illinois			283 656 349 140 72	349 140 72	
Tis, Illinois	Caterpillar Tractor Co. Commercial Solventa Co. R. Herschel Mfg. Co.	294) 1 564) 1 621) 222)		S OR	Altorfer Bros. Co. Caterpillar Tractor Co. Commercial Solvents Co. R. Herschel Mfg. Co.
Springfield of Illinois	Hiram Walker & Sons	- ⁵⁹⁾	867 231 50	4 031 231 50	Hiran Walker & Sons
fot Twest of Dana, Indiana		18 216	5 347	23 563	13

Notes: (a) Includes Direct Sales to Missouri Power & Light Company for Power Plants at Boomville, Jefferson City, Mexico and Mo

(b) Includes all gas sold under Intersuptible Rate Schools



ty, Mexico and Moberly, Missouri.

Exhibit 261

PANHARDLE RASTERN PIPE LINE COMPANY AND SUBSIDIARY COMPANIES MAIN LINE SYSTEM DIRECT INDUSTRIAL SALES

		10 V F	
	Jan. 6, 194	2 Jan. 7. 1942	Jan. 8, 1942
/	•	es ·	
		1 7	*
West of Dana, Indiana			
Phillips Petroleus Co Sharpe Plant	342	129	15.
Phillips Petroleum Co Paols Plant	300	160	176
United Brick and Tile Co.	283	51	4
The W. J. Small Co., Inc Liberty	-	-	-
Phillips Petroloum Co Earrisonville Plant	225	. 225	225
Phillips Petroleum Co Leston Plant	171	201	188
Phillips Petroleum Con - Jefferson City Plant	235	295	35
Jefferson City Power Flant	50	50	50
Boonville Power Plant	4 dan	- 1	100
The W. J. Small Co., Inc Boonville	- FO		-
Payette Brick and Tile Co.	399	1 "	_
Moberly Power Flant	81	74	73
Edwards Conley Brick and Tile Co.	-	-	-
Harbison Walker Ref. Co Fulton	1 433	1 042	672
Mexico Power Plant	47		-
Mexico Refractories Co.	2 108	1 168	1 207
Wellsville Fire Brick Go.	446	353 466	353
Walsh Refractories Co.	705		353
Harbison Walker Ref. Co Vandalias	2 117	1,684	1 726
Freiling Greenhouse	20	20	20
Universal Atlas Cement Co.	370	370	370
% (Marblehead		1	35
Marblehead Lime Co. (and Quincy	443	346	234
Menke Stone and Lime Co.	55	76	95
The Black White Lime Co.	108	96	49
Potel West of Dana, Indiana	9 539	6.748	5 841
	* 1	6	
Total Curtailed West of Dana	12 608	.15 966	16 861
Total Required West of Dana	22 147	22 716	22 702

			1
FEDERAL	POWER CONSISSION.	BOCKET NO. 6 -	200
EXHIBIT	NO. 262 (FO	R IDENTIFICATION	Sun in

Docket No.

PIFE LINE COMPANY AND ITS SUBSIDIARY COMPANY

*					2. 4.		* *				. I.	10 La. 10 - 66		
							- p	4	011			3/		
			C				Cortalirent	No.	Deliversion	The state of the s			and the same of	
	Para American		0 - 7's	nat)	Oth Deant	0/100	Started .	of Days	Day Before		-			
	3 ; Customo		17 - 1-11	rect) %te	House	Fer Cent	Date How		Cond-42	4 7/11	V	0 1	ti m e	
	P. C.	*			tind regides	THE PERSON NAMED IN	TOTAL	entire 190	Curtailment	Sun-4th	Mon-9th	Tues-oth	and at the T	
	MAT AND			.**						•				
			13	. 711	. 1 11 12 1	B1 170	7			*		2	4	
		* i	1	-			7th 2:15 M	5.75	3,45 .		***		213	
				1.50			7th 1:30 PH	5.75	300		W 400			
	801 a + 47 a 4 5										. • с	-	140	
	They are the term of This Company						1							
	Prilitys "crisosville (4)			0 741	4 4 1 1 1	. 50	7th 12:45 PM	5,75	262 "				4.	0
	Philips 1 128001V1110 141		. 9	722	8 to 10 4	2 50		200					232	
	Phillips Jefferson City		7	7th	. 8 to 12 A	¥ 50 .	8th 17. 10 KL	. 5 00	9 225			Elizana and		
. 8	Safferson City Poile a		D	14+14	1:30 P	100	Other Lie to have	5.00	235		11.	-	_ M	
	Payotto Brist & Tile Conjung		,	The cal	enunin Lage	in the sin	4121 2:50 PM	5:13	+ 070	5 349	4 020	4 000	4 020	
	Binards Colley Brick & Tile Company			Hot not	mineral man	en i transita	7-3							
	darbison alkaro- Milton		3	745	studing any	10 at this	ille	· many B			10			
	Mexico Beiliers		. n		e to LE A		.7th 1.00 FM	5.75	1 866				dol	
	A. F. Green	*		. 416	1:15 E	48.00	4th 3 30 Ft	8.75	403	-leky	3/115	301	DET.	
	Mexico Refractories			7th	- 8 to 19 Al		7th 10:50 AM	5.75	4 568		3.7	356	405	
	Wellsville Fire Brick Company	•		· 7th	8 to 12 al		7th 10:30 Al	5.75	5 106	ph .		0.0	661	
	Nameth American Pullment of			745	E to L A	50.	7th 4:00 FI	5.50	lilip	•		All I a	940	
	North American Refractories Sompany		· .	7:4	# to 12 A	-0	78h 11:00 Al	5.75	7.70				* 93	-
	Olivana marregrarion		17	73.4	d to 12 4		7th 12:00 AM	201	. 327			10	114	
	Olerbison Talker - Vardalia		D	713	. to 12 Al		745 12 20 TH	5.75	705	· ·	p 1	· ·	239	
	Marblehead Line - Hannibal		1	, ,	-4-0 12 A		7th . 5 30 FM	5,50	2 117				433	
			1 0000	7	TO THE MA		765 4 00 PM	5.50	720	* " .		4	201	
	Illinoi		. Se &											1
	Marblehead Lima - Marblehead		01	****										
	Markiahoad Lime - Quilley		7.7	(%)	e to 1	0 .	7 07:45 M	5.50	427	*				es
	Menke Stone and Line Company	(4)	D.	Plant in	JTT. GRE, 18	Carle Dago	only or heating	a blice	6				97	
	The Black Thith Line Company		D	1 668	C 10 Jin 48	20	7th 5:00 PM	5.50	168 Av				14	-
	International Sarvester Canto	•	2	721	f to 12 AM	50	7th 4:20 PM	5.50	106 AV				. 92	
	Korean Start A Tel		1 2 -	70h	1 to 12 A	50	7th 10:30 All	5.75	100	. 1	1. (1.8)	der .	10	
	Novatone Steel A Tire - Open Hearth		1	647	3:45 PM		6th 4 00 Pt	6.50	1 27	-	W .	100	256	
	Western Brick Company - Derville		. 7	7th	6 to 12 AM		7th 11:00 al		3 028	•	45	1 775	2 918	W)
						10 -	THE LEGICE AS	J. Try.	184				92	
1	Total			•								1	was and the same	
g									73 AM1:	0 693	4 365	6 353	22 022	
	Universal Atlas Comen. (1)		12.				2		A		20%	6 151	11 978 1	
	Rosnvilla Borlera (2)		·						7 209	7 670	9 500 0			
			D					**	7 902	300	7 532	7 532	7 532 .	
	Total Curtailed plus (1) and (2)								700 Av.	700	700	700	700	
	are recent bythe (1) Will (S)	-						.53	The state of the s					

(2) Voluntarily discontinued use of gas October 10, 1941.

(3) Maighted Per Cent

Nota: On the day at 4:35 AF Cities Service Jeluson Co. Exchange was mutaile! Trans. Gas lead, - KCO Jonary 71, 1010

⁽¹⁾ Voluntarily discontinued use of gas in their kilns Jamury 1, 1902. Continued using ap-- per day in driers.

⁽⁴⁾ No Dutane or hand, Ourtailment accomplished at other Pullips Flants.

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·	· ~)		213	327 124	327 130	327 167	327 146	327_ 145	1 816 .	911	
•			232	283	253	283	263	141	1 490	92 %	0
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			940 93 114	2 511 901 93	2 452 922 186	2.374 955 186	2.522 838 93	2 39 4 631 33	12 614 5 187 744	43 30	. 0
			239 433	141 352 391 474	141 337 1 232 444	1 354 1 359 413	141 371 986 391	241 277 650 360	819 1 950 5 051 2 253	48 43	- 149
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2 693 .4	365 6	151 g	13 978	15 219	16 401	16 790	16 291	13 743	109 531	59 (3)	
7.552. 7 700	532 · 7 700	532 700	7 532 700	7 700	7 532 700	7 552 .	7 732 700	7 532· 700	67 784	95 100	
0.935 12	597 14	383	20 210	3 451	· 624 633	25 022	8 5E	21 27	75 719	75	*.
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To be

Allocated To	Non-Regulated	(E)	683,450	d op			. 0
Allora	Regulated Sales	(D), \$5.081,531	89,575,729		•		9
And Subsidiaries as Between d Sales Proportion	Non-Regulated Sales	(C) 0269 1320			6,748	6,748 2 69 ° 8,259,026	.13 20
Allocation Of Adjusted 1941 Costs Between Regulated And Non-Regulated Sales Proportion	Re	(B) 3 9731 8680	•	1	68,545 175,435		86.50 ing revenue sidiaries as
Allocation of Adjusted 1941 Costs Between Regulated And Non-Regulated Sales	Fotal	60 10°	\$10,399,651 43,688 \$10,443,339			250,728 100,00 62,561,726	to include all ope Company and its eturn on investma
	1	Proportional to Maximum Day's Sales	a G. D. Corp.)	•	(Exh.) MCF (E.M. 79A) MCF	MÇF MÇF	deductions of Panhandle Eastern Pipe Line Company and its subsidiaries as shown in Exhibit 195 but does not include return on investment.
0		Proportional to Maximum De	Other Costs (Indiana G. D. Corp.) Total Cost	Maximum Day's Sales:	Mich. G.T. Corp. Total	Salve: Exh. 251)	m costs as used l ons of Penhandle Exhibit 195 but
Line	No.	2 Costs.	6 On	10 11 12 Maxim 13 P.E.	14 III. N 15 Mich. 16 Total	18 19 Annual Salve 20 21 The	22 deductio 23 shown in

PANHABDLE RASTERN PIPE LINE COMPANY AND SUBSIDIARIES ALLOCATION OF ADJUSTED 1941 COST AS: PROPORTIONAL TO MAXIMUM DAY'S SALES AND ANNUAL SALES

PAGE 2: EXHIBIT 76 WITNESS: 8h

					Allecated As Propertional To			
Line	9.	1941		Potal to Do	Maximum Day's	Launal	N44	
Bo.		Cooks (A)	Adjustments	Allecated (C)	Sales (D)	Sales (E)	Oth	
1		7						
	Hataril Cas Production Expenses:							
	Operation	4 876,292.17	• •	\$ 876,202.17		\$ 876,292.17	10:- 9	
•	Maintenance	27,128.00		27,128.00	•	27,125.09	•	
	Other Fred. Expenses less: Duplicate Charges - Cr.	1,419,615.96		1,419,618.96		1,419,615.96		
. 17	Total Pred. Expenses	\$1,078,019.72		\$1,078,019.78		\$1,078,019672		
		41,010,010,18		4201000000		47,010,070116	4 7 7	
	Transmission Expenses:		A .					
10	Operations						0.0	
n	Supervision & Regimeering	\$ 184,205.46	• -	1 134,808.66	\$. \$8,182.95.	106,022.51		
113	Transmission Mains Expense	106,688.19	164,800.00	\$60,833.19	850,688.19			
13	Other	1,169,112.00	150,700,00	1,519,812,99	XX and do a	1,819,412.99	•	
14	Total	\$1,800,861.64	\$296,000.00	11,004,061.64	\$ \$79,016.14	\$1,428,885.50	•	
16	Papervision & Engineering	4 40,127.06		48,127,64	\$ 19,638.58	.0 28,589.06		
17	Pumping Station Structures	28,897.91		23,807.91	28,897.91			
10	Miss	96,212.01	• • • • • • • • • • • • • • • • • • • •	94,212,01	94,212,01			
10	Other	178,019.71	•	173,819,71		172,819.71		
. 10	Potal	\$ 369,067.27	• • •	8 889,067.27	\$ 187,648.80	\$ 201,408.77	*	
21	Total Before Gradit	A3 440 000 00 '	A000 000 00	44 145 000 00	4 636 666 64	43 500 044 00		
2.5	less: Joint Repenses - Cr.	\$1,048,900.91 • 18,800.00	\$295,000.00	\$2,143,900.91 • 15,800.00	\$ 516,664.64	\$1,827,844.87 \$ 18,800.00		
24	Total Transmission Expenses	\$1,886,708.81	\$296,000.00	\$2,180,700.91	\$ 526,664.64	\$1,614,064.87		
28		4-100-100-00			}	42, 020,03000,		
. 36	Distribution Expenses:		•		3	0		
87	Sporation .	7,008.06	•	1 7,000.00	1 • • • • •	•	8 T.08	
- 22	Pointenance Fotal Distribution Expenses	1,980.85		1,000.86	•		1,90	
20	seen wastenes where	1 1,000.01		1 . 1,005.00	•	•	1 1,00	
/: N	Suptemer's Assumiting & Sellecting Express:						**	
-	Total	\$ 86,700.00		\$ 28,700.08		1 25,964.83	4 4,75	
	Sales Franction Reponder	4			0	A	A	
- =		1 32,784.46	\	3 28,786.40	•	\$ 30,791.08	1 1,98	
. 87	Administrative and Squepal Expenses:					8		
	Total Jerore Godfe	1 047,047.00	1 94,000.00	\$ 941,047.69	\$ 148,706.77	# 700,722.71	. \$ 8,41°	
30	loose Papl. Chg's. & Rap's. Transferred	10,007,63		10,007.61		. 10,270.14	• 60	
	. Joyal	1 666,666,60	1 11,000.00	1 990,566.00	3 348,766.77	1 770,444.57	11,75	

PARMANDLE BASTERN PIPE LINE COMPANY AND SUBSIDIARIES ALLOCATION OF ADJUSTED 1941 COST AS PROPORTIONAL TO MAXIMUM DAY'S SALES AND ANNUAL SALES

PAGE 3.
EXHIBIT 263.
WITHESS. Shettue

			•	Allocat	ed as Propertia	sal to ./
	1941 Coete (A)	Adjustments	Allocated (C)	Sales (D)	Annual Sales (R)	Other
10						
2 Other Revenue Deductions			11.40.33		10,986.94	\$ 462.39
3 Wiscollaneous	11,449.33		11,449.77		• 10,500.54	· 402.77
5 Total Operating & Heistenance Expenses	\$ 3,829,611.53	\$ 389,000.00	4.218,611.53	665,370.41	3,534,250.04	18,991.08
7 Deprociation, Deplotion, & Amertisation:						
8 Depletion of Fred, Leaschelds	90,177.06	1 -	\$ 90,177.06	1 .	\$ 90,177.06	1 -
9. Amert, of Hon-Pred, Leaseholds	74.685.45	•	74,685.45		74.685.45	
O Deprociation of Cas Plant	2,242,521.00	7	2,242,521.00	2,094,360.09	144,420.11	3.740.80
1. Depreciation of Gasoline Plant	66,000.00		66,000.00	•	66,000,00	• 15
2 Amert, of Sales & Purchase Cont.	230,173.96	•230,173.96	0.07			• 4
3	62,854.64	• 62,854.64	0.00	• /	•	
4	39.114.09		39,114.09	•	39,114.09	•
15	. 2,805,526.20	14293,028.60	2,512,181.60	12,004.360.09	414, 396.71	3.740.80
6					2.	
7 Taxos:			/			. 4.
8 Gross Production & Sales	\$ 52,810.58		\$ 52,810.58	•	\$ 52,810.58	1 -
9 Ad Valoren	633,270.40	• . •	633,270.40	587.935.87	40,542.10	4.792.43
O Franchise	8,035.14	• *	8,035.14	•	8,035.14	•
1 "Payrell"	Ju-178.93	•	Ju. 178.93	22,007.26	22,007.86	164.41
Capital Stock - Federal	116,095.50	• 4	116,095.50	57.675.00	57,675.00	745.50
- State	7,962.39	•	7.962.39	3,961.19	3,981.20	•
Income - State	39.034.37	•	79,034.37	17,500.00	17,500.00	4.034.37
	901,387.31	•	\$ 901,397.31	009,099.32	202,551.28	\$ 9.736.71
6 Incamo - Podoral	1,922,068.72	39,000.00	1,961,068.72	975,854.00	975,853.99	9,360.73
7 Excess Profits - Federal	994.278.91	•221,000.00	773,278.91	305,378.30	365,378.30	2,522.31
Charges in Lion of Inc. & Excess J	623,881.49	•	863,861 4	411.940.75	411,940.74	•
	1 11919 1019 10	\$-185,000.00	14.109,616,63	12,442,272.37	11.975.74.31	121,619.75
1 Other Utility Revenues						
e faceline fales - Cri	4. 735,077.94		A		A	
Missellaneous - Cr.			4. 735,077.94	• • •	4. 735.077.94	- //
	12,309.09		* 12,309.09 * 747.357.05		11,615.35	10 663.74
TOTAL COST	\$10,589,367.13	\$ 86,088.60	و10,443,350.53	15,222,002.87	45.177.647.77	843,687.89
						,

(Exhibit 264.) Schedule 12. Gas Contract

Between Panhandle Eastern Pipe Line Company

and

Detroit City Gas Company "Dated August 31, 1935

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Gas Contract

6980

Rate schedules that will stimulate sales Extension of distribution system

Panhandle Kastern Pipe Line Company

and

Detroit City Gas Company

Agreement made and entered into this 31st day of August, 1935, by and between Panhandle Eastern Pipe Line Company, a corporation of the State of Delaware

(hereinafter called Seller), party of the first part, and Detroit City Gas Company, a corporation of the State of Michigan (hereinafter called Buyer), party of the second part.

Buyer represents that it owns and operates a gas distribution system in and adjacent to the City of Detroit, Michigan through which it is engaged in the distribution of gas to the public, and that it desires to obtain a supply of natural gas.

Seller represents that it owns, directly or through subsidiaries, natural gas production facilities and gas purchase contracts in the States of Texas and Kansas and a natural gas transmission pipe line extending from its production area to a point on the Illinois Indiana state line; that subject to the provisions hereof it will be able to have available at said eastern terminus of its pipe line at the Illinois Indiana state line, sufficient quantities of natural gas to fulfill the requirements of this Agreement; and that, likewise subject, it contemplates constructing or arranging for the construction of a pipe line to connect the eastern terminus of its pipe line with Buyer's distribution system at or near the City of Detroit.

Now, Therefore, in consideration of the mutual convenants and agreements of the parties hereto as herein set forth, the parties hereto covenant and agree as follows:

Article I.

Definitions

Except where the context otherwise indicates another or different meaning or intent, the following terms are intended and used and shall be construed to have meanings as follows:

- 1. The "Effective Date" of this Agreement shall mean the first day of the calendar month immediately following the date when Buyer shall notify Seller in writing of the completion of the necessary adjustments to all of its custsmers appliances.
- 2. The "Date of Initial Delivery!" shall mean the date a on which Seller shall notify Buyer of the completion of a connecting pipe line from the eastern terminus of its exist-

ing pipe line at the Illinois-Indiana state line to the Buyer's River Rouge plant, and is ready to begin delivery of gas under this contract, which Seller agrees shall not be earlier than July 1, 1936, nor later than September 1, 1936.

- 3. The term "day", wherever used in this Agreement, shall mean a period of twenty-four (24) consecutive hours beginning and ending at seven o'clock A. M. Standard Time or Daylight Saving Time, whichever shall be in effect at the place of delivery.
- 4. The term "month", wherever used in this Agreement, shall mean the period beginning at seven o'clock A. M. Standard Time or Daylight Saving Time, whichever shall be in effect at the place of delivery, on the first day of a calendar month and ending at seven o'clock A. M. Standard Time or Daylight Saving Time, whichever shall be in effect at the said place of delivery on the first day of the next succeeding calendar month.
- 5. The term "Special Industrial Customer" shall mean an industrial customer for the gas supply for whom Seller and Buyer make specific agreement outside of that provided for in Article VII, Section 2 hereof.

Article II.

Scope of Agreement

- 1. Commencing with the Date of Initial Delivery Buyer will proceed with due diligence to take necessary adjustments of all of its customers appliances and will complete them within six months. Buyer will notify Seller in writing when the adjustment of all of its customers appliances, is completed.
- 2. Commencing with the Effective Date of this Agreement, and for the period provided in Article III hereof. Seller agrees to sell and deliver to Buyer, and Buyer agrees to buy from Seller, all of the natural gas requirements of Buyer for distribution and sale to any and all of its present and future customers and for its own use, but not in excess of ninety million cubic feet or its equivalent, nine hundred twelve thousand six hundred therms, per day which represents all of the gas Seller now believes it can safely contract to furnish Buyer at this time.

3. In consideration of the covenant in the last preceding paragraph, Seller agrees that if at any time in the future, while this Agreement remains in force, Seller, its assignee, or any successor corporation carrying out the terms of this Agreement, has additional gas which it desires to distribute in the territory served by Buyer, Buyer shall, for the balance of the period during which this Agreement shall remain in force, have the right to purchase such gas in such amount as it is willing to take under a firm commitment and at such price and under such terms and conditions as Seller could otherwise obtain for such gas.

The Seller further agrees that if, during the period that this Agreement shall remain in force, it should sell and deliver natural gas at a price less than that charged Buyer under this Agreement to another or others than Buyer for use or resale within the territory now served by Buyer with gas purchased hereunder, it will simultaneously reduce the contract price to Buyer hereunder to the lowest price obtained by it for gas sold to such party or parties. If conditions of sale be different, the amounts being substantial, Seller shall grant Buyer the right to change this Agreement to conform to such conditions in order to obtain such lower price.

4. Seller shall not be required to supply hereunder more than 90 million cubic feet or its equivalent nine hundred and twelve thousand six hundred therms of natural gas in any one day. Buyer agrees to take and pay for not less than the following annual amounts of natural gas, commencing with the Effective Date hereof:

First Year			81,120,000 therms
Second Year	r	*******	101,400,000 therms.
Third Year			121,680,000 therms
Fourth Year	r		141,960,000 therms
Fifth year a	ind each yea	r thereafter	152,100,000 therms

Buyer agrees that it will not take on its maximum day, more than twice the number of therms which it takes on the average day of the twelve month period to which said maximum day applies in the computation of demand

charge. The term "maximum day" is understood to be that day during either December, January, February or March of the said twelve months period upon which the greatest number of therms has been taken.

5. In the event that Buyer shall have a prospective Special Industrial Customer and shall desire to purchase natural gas to serve such customer, the parties hereto will endeavor to negotiate a separate contract to cover the price at which Seller will furnish such gas to Buyer. Each such separate contract shall depend upon Seller's having available a sufficient supply of natural gas and shall include a provision for the temporary curtailment or discontinuance of service thereunder in the event of an insufficiency of Seller's supply for other deliveries under this Agreement.

It is agreed that if Seller shall refuse to furnish Buyer up to 20,800,000 therms of gas per year to serve such Special Industrial Customers at a price sot less than the commodity charge specified in Article VII, Section 2, then Buyer's obligation to take the minimum quantities specified in the next preceding Section of this Agreement shall be reduced by such quantities as Seller shall fail to supply Buyer for such industrial customers, but not to exceed 20,800,000 therms per year.

- 6. Except as otherwise provided in Section 5 of this Article II, all gas sold by Seller to Buyer shall be governed by all the provisions of this Agreement.
- 7. Inasmuch as the carrying out of this Agreement depends upon the construction of a pipe line connecting the eastern terminus of Seller's existing pipe line at the Illinois-Indiana state line with the city of Detroit, as well as on the reinforcement of the present pipe line of Seller, since the present line of Seller is inadequate to deliver the quantity of gas called for by this Agreement without reinforcements requiring the expenditure of a large sum of money, and Seller represents that its financial position is such that it cannot construct either said connecting line or said reinforcement without outside financing, it is expressly understood and agreed that, unless the construction of such connecting line shall have been financed on or before February 1, 1936, and unless a contract shall be entered into providing for the financing of said reinforcement of Sell-

er's present pipe line before said date, this Agreement shall be null and void and no obligations hereunder shall exist on the part of either party hereto. Seller agrees to use its best efforts to arrange for financing the construction of such connecting pipe line and such reinforcement of its present pipe line, but does not undertake any firm commitment to do so. If such financing shall be arranged by said date, Seller will-construct and place said connecting pipe line in condition for operation on or before the Date of Initial Delivery.

Recognizing the desire of Buyer to obtain a supply of natural gas at the earliest possible moment, as well as the importance thereof to Buyer, Seller agrees that as soon as it becomes apparent to it that it will be unable to finance the construction of the connecting pipe line or construct the same, or that a contract cannot be made for financing the reinforcement of Seller's pipe line, whereby this Agreement would become null and void, it will give to Buyer written notice of such facts and a release of Buyer from any liability hereunder leaving Buyer then free to obtain or contract for a supply elsewhere.

In the event that an adequate supply of natural gas sufficient to meet all of Buyer's requirements for the unexpired term of this Agreement is developed by responsible parties other than Seller and is made available to Buyer in its served territory by the actual construction of a pipe line thereto, or in the event that such a supply is similarly made available to a competitor serving and distributing gas in such territory at a schedule of rates which applied to the deliveries of gas to Buyer hereunder during the preceding twelve months would result in a lower amount than under the rates provided by this Agreement, then and in that event Buyer may give notice to Seller of such available gas and with such notice shall furnish to Seller the rate schedules aforesaid, together with other data and particulars pertinent under this Article, and Seller shall have six months after date of receipt of such notice and rate schedules, data and particulars, within which to meet such lower obtainable price of. gas, and in the event of the failure of Seller to agree to modify this Agreement accordingly within said/six month period Buyer shall have the option to terminate this

Agreement at any time within twelve months after expiration of said six months period upon six months written notice to Seller.

Article III.

Term of Agreement.

The term of this Agreement shall be for a period of fifteen (15) years beginning with the Effective Date and from year to year thereafter, after the expiration of said fifteen (15) year period, until cancelled on eighteen (18) months notice in writing given by either party to the other.

Article IV

Quality

1. Seller agrees that the gas delivered hereunder shall be natural gas (a) except that said natural gas shall at all times comply with the requirements as to purity expressed in this Agreement; (b) that Seller may extract or permit the extraction of moisture, helium, natural gasoline, butane, propane, and/or other hydro-carbons (excepting methane) from said natural gas, or may enrich said natural gas to the extent required to meet the gross heating value requirement hereof before delivery thereof to Buyer; and (c) that Seller may subject or permit the subjection of the gas to compression, cooling, cleaning and other processes to such an extent as may be required in its transmission from the wells to the point or points of delivery.

The gas delivered hereunder is assumed but not guaranteed to have a gross heating value of 1014 British thermal units per cubic foot. In no event shall the gross heating value of the gas delivered hereunder fall below 950 British thermal units per cubic foot nor exceed 1100 British thermal units per cubic foot, and the variation in gross heating value shall not be more than 100 British thermal units per cubic foot in any six months period.

- 2. Seller agrees that the gas delivered hereunder-
- (a) shall be commercially free from solid and/or liquid matter, dust, gums and/or gum forming constituents;
- (b) shall not contain more than one (1) grain of hydrogen sulphide per one hundred (100) cubic feet and that

this purity requirement shall be determined by quantitative test after presence of H2S has been indicated by qualitative test which shall consist of exposing a strip of white filter paper recently moistened with a solution of one hundred (100) grains of lead acetate in one hundred (100) cubic centimeters of water, to be exposed to the gas for one and one-half minutes in an apparatus previously purged, through which the gas is flowing at the rate of approximately five cubic feet per hour, the gas not impinging from a jet upon the test paper, and after this exposure the test paper is found not distinctly darker than a second paper freshly moistened with a solution not exposed to the gas;

- (c) shall not contain more than twenty (20) grains of total sulphur per hundred (100) cubic feet;
- (d) shall not contain an amount of moisture at any time exceeding that corresponding to saturation at the temperature and pressure of the gas in the main pipe line at a point approximately fifty (50) feet in advance of Seller's meter inlet header, and that the water shall not be present in liquid phase; provided that if Buyer or any purchaser from Ruyer shall at any time be required by a duly constituted public regulatory authority to deliver to its customers gas containing less hydrogen sulphide and/or less total sulphur than above specified. Seller shall upon reasonable notice from Buyer cause the gas delivered hereunder to conform to such new requirement at Seller's expense.
- 3. Seller agrees that if the gas offered for delivery by it hereunder shall fail at any time to conform to any of the specifications hereinabove set forth, then Buyer may at its option refuse to accept delivery of or accept delivery of such gas and itself make changes necessary to bring such gas in conformity with such specifications, and Seller shall reimburse Buyer for any reasonable expense incurred by Buyer in effecting such changes, or for any reasonable expense otherwise incurred by Buyer by reason of the failure of the gas to conform to such specifications.

Article V.

Measurements.

- 1. The sales unit of the gas deliverable under this Agreement shall be the therm, consisting of one hundred thousand (100,000) British thermal units.
- 2. The number of therms delivered shall be determined by multiplying the number of cubic feet of gas delivered, measured on the measurement basis hereinafter specified and corrected to saturated conditions, by the gross heating value of such gas in British thermal units per cubic foot, and by dividing the product by one hundred thousand (100, 000).
- 3. Measurements of volume and heat value of gas hereunder shall be at the following points:

Volume

(1) The volume of gas delivered by Seller hereunder shall be measured at the meter or meters of Seller, which together with building and with all other collateral equipment required for the final determination of volume, Seller agrees to install and maintain and which will be operated by Seller at the Place of Delivery.

Heat Value

- der shall be determined by a calorimeter or calorimeters of Seller which Seller agrees to install and maintain and which shall be operated by Seller at the Place of Delivery. Provided, however, that Buyer shall install and operate, at its own expense, meters to determine the volume of gas delivered each day to each of Buyer's Special Industrial Customers, the measurements to be corrected to the measurement basis specified in Section 4(a) of this Article N.
- 4. The measurement of volume and heat value of gas hereunder shall be made in the following manner:

Volume

(a) The unit of volume for the purpose of measurement and for the determination of gross heating value shall be one (1) cubic foot of gas saturated with moisture

at thirty (30) inches of mercury pressure and at sixty (60) degrees Fahrenheit temperature.

- (b) The average absolute atmospheric (barometric) pressure shall be assumed to be fourteen and four tenths (14.4) pounds to the square inch, irrespective of actual elevation or location of the Place of Delivery above sea level or variations in such barometric pressure from time to time.
- (c) The temperature of the gas passing the meters shall be determined by the continuous use of a recording themometer so installed that it may properly record the temperature of the gas flowing through the meters. The arithmetic average of the temperature recorded each twenty-four (24) hour day shall be used in computing measurements.
- (d) The specific gravity of the gas shall be determined monthly by a joint test as near the first of the month as practicable or as much oftener by a joint test as is found necessary in practice. The method of test shall be by Edwards Balance or by such other method as shall be agreed upon by the parties. The regular test at the first of the month shall determine the specific gravity to be used in computations for the measurement of gas deliveries until the end of such month or until changed by subsequent test; any special test to be applicable from the day made until changed by subsequent test. It is provided, however, that by agreement between the parties a suitable continuous method may be adopted.
- (e) The relative humidity of the gas delivered hereunder shall be determined by approved methods at the beginning of delivery of gas to Buyer and at such times thereafter as may be agreed upon by both parties.

Heat Value

The gross heating value of the gas per cubic foot, as defined in Section 4 (a) above, shall be determined by taking the arithmetic average of the daily record of a recording calorimeter of a type to be mutually agreed upon, such recording calorimeter to be checked once each day, or at such other intervals as the parties may agree upon by comparison with a manually operated calorimeter of

a type approved by the U. S. Bureau of Standards and operated in accordance with methods recommended by the said Bureau. If upon any test any calorimeter shall be found to be not more than 2% in error, previous readings of such calorimeter shall be considered correct in computing the heat value of gas delivered by Seller to Buyer. If upon any test any calorimeter shall be found to be in error by more than 2%, then any previous readings of such calorimeter shall be corrected to zero error for any period which is definitely known and/or agreed upon, but in case the period is not definitely known or agreed upon, such correction shall be for a period extending over one-half the time elapsed since the date of last calibration, not exceeding a correction period of four (4) days.

Article VI * { Metering Equipment

- 1. Buyer shall provide in all contracts with Special Industrial Customers that Seller shall have the right at all times during business hours to inspect the measuring and recording equipment of Buyer pertaining to sales to such Special Industrial Customers.
- 2. Each party shall have the right to be present, at its election, at the time of any installing, reading, cleaning, changing, repairing, inspecting or adjusting done in connection with the other party's measuring equipment and each party shall advise the other party of any intended major maintenance operation sufficiently in advance in order that the other party may conveniently have its representative present. The records from such measuring equipment shall remain the property of the party owning the meter, but, upon the request of either party, the party owning the meter will submit to the other party such records and charts together with calculations therefrom for the other party's inspection and verification, subject to return within ten days after receipt thereof.
- installed by Seller shall be sufficient to permit the testing and withdrawal of any individual meter from service without restricting the delivery of gas or interrupting the

measurement of gas. The installation, maintenance and operation of regulating equipment shall be such as not to affect the recuracy of the gas volume determination made from Seller's meters. The meter or meters of Seller shall be so located or protected as to assure freedom from pulsations, vibrations, or surges at the meter or meters from any cause in so far as such protection is obtainable within practicable limits mutually agreed upon to embody the best knowledge and information available.

- 4. Either party shall have the right to examine and approve, or object to, the plans of the other for the installation by it of such measuring equipment, and none of said installations shall be placed in service for the measurement of gas hereunder unless and until both parties are satisfied, or it shall be determined by arbitration, that such installation has been made in such manner as to permit of accurate determination of the quantity of gas to be delivered hereunder and to permit ready verification of the accuracy of measurement.
- 5.1. Seller agrees to provide without expense to Buyer check measuring equipment together with a suitable site for the location of said check measuring equipment which shall be operated by Buyer. Any property of Buyer which may be placed thereon shall be and remain Buyer's property. Such check meters and equipment shall be so installed as not to interfere with the operation of meters of Seller. Seller shall have access to such check measuring equipment at all reasonable hours but the reading, calibrating and adjusting thereof and the changing of charts shall be done only by employees or agents of Buyer. Seller shall have the right to be present, at its election, at the time of any installing, reading, cleaning, repairing; inspecting, calibrating or adjusting done in connection with such check measuring equipment or with Buyer's meters measuring gas to Special Industrial Customers. . Charts and records from said check measuring equipment, together with calculations therefrom, shall be available to Seller for inspection and verification, subject to return by Seller within ten (10) days after receipt thereof.
- out of repair so that the quantity of gas delivered is not

correctly indicated by the reading thereof, the gas delivered through the period such meters are out of service and/or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available, using the first of the following methods which is feasible:

- (a) By using the registration of any check meter or meters if installed and accurately registering;
- (b)* By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation; or
- (c) By estimating the quantity of delivery by deliveries during preceding periods under similar conditions when the meter was registering accurately.
- 7. From time to time, and at least once each month, on a date as near the first of the month as practicable, the accuracy of Seller's measuring equipment shall be verified, at Seller's expense, in the presence of representatives of both Seller and Buyer, and the parties shall jointly observe any adjustments which are made in such measuring equipment. If either party at any time shall notify the other that it desires a special test of any meter, the parties shall cooperate to secure an immediate verification of the accuracy of the measuring equipment and joint observation of any adjustments. Each party shall give to the other notice of the time of all tests of meters sufficiently in advance of the holding of the tests in order that the other party may conveniently have its representative present.
- 8. If upon any test any meter is found to be not more than two per cent. (2%) fast or slow, previous readings of such meters shall be considered correct in computing the volume of gas delivered by Seller to Buyer; but the meter shall at once be properly adjusted to record accurately. If upon any test any meter shall be found to be inaccurate by an amount exceeding two per cent. (2%), then any previous readings of such meter shall be corrected to zero error for any period which is definitely known and/or agreed upon, but in case the period is not definitely known and/or agreed upon, such correction shall be for a period

extending over one-half of the time elapsed since the date of last calibration, not exceeding a correction period of sixteen (16) days.

- 9. The meters of Seller shall be read at seven o'clock Standard Time (or Daylight Saving Time whichever shall be in effect), in the morning of each day of each calendar month, or as near to that time as practical operating conditions will permit.
- 10. Each party hereto shall preserve for a period of at least five (5) years all test data, charts and other records resulting from performance by it of the terms of this Agreement.

Article VII.

Rate and Computation of Bills

- 1. All gas purchased by Buyer from Seller for resale to Special Industrial Customers shall be paid for at the respective prices agreed upon between Buyer and Seller for such gas.
- 2. For all gas purchased by Buyer from Seller hereunder, other than gas purchased for resale to Special Industrial Customers, subject to the provisions of Sections 3, 4 and 5 of this Article VII, the price shall be as follows: Demand Charge:

For each month, a sum equal to thirty-eight cents (38c) multiplied by the maximum daily demand, as hereinafter defined. The term "maximum daily demand" shall mean the greatest number of therms delivered on any one day during the immediately preceding winter period, consisting of the months of December, January, February and March, after deducting the sum of the demands of the special Industrial Customers provided for herein on said day, except that the demand for each month prior to the expiration of the first winter period shall be billed on the actual maximum daily demand established during the said month.

Commodity Charge:

In addition to the demand charge, the sum of one and one-half cents (116c) per therm for the total number of

therms delivered by Seller to Buyer hereunder during such month.

If the total quantity of therms taken in any one year is less than the minimum requirement provided in Section 4 of Article II, then for the therms representing such deficiency Buyer shall pay at the same average rate per therm as it has paid for such gas as it has actually taken in said year.

- 3. For all gas delivered between the Date of Initial Delivery and the Effective Date, the price shall be at a flat rate of three cents (3c) per therm.
- If, at the end of any calendar year during the term of this Agreement, it shall be found that by reason of any legislation enacted by the Federal Government, or regulations or orders of any of its governmental agencies, or, as hereinafter limited and defined, by reason of any state or local legislation, or regulations or orders of state of local governmental agencies, there has been a direct increase or decrease in the operating costs of Seller's transmission line, applicable and incidental to the gas delivered to Buyer hereunder, in respect only to the rates of wages, hours of labor, prices of materials and supplies and rates of taxation, as a result of which (computed as hereinafter set out) such operating costs have for such year just passed increased or diminished 20% or more from the costs 'experienced by Seller during the first twelve calendar months of operation after the Effective Date of this Agreement, then and in such event one-half of one-twelfth of the amount of such increase or decrease shall be added to, or deducted from the charge for gas as provided in paragraph 2 of Article VII for each month of the ensuing year.

In computing the amount of any such increase or decrease, applicable to the gas sold to Buyer, the increases or decreases due to national legislation, regulations or orders shall be that proportion of the total amount which the gas sold to Buyer hereunder (other than to Special Industrial Customers) bears to the total gas transmitted by the Seller in its pipe line; and due to State of Michigan and local legislation, regulations or orders shall be that proportion of the total amount which the gas sold to

Buyer hereunder (other than to Special Industrial Customers) bears to the total gas transmitted and sold by Seller in said State and locality respectively.

In the event of the imposition of a production tax or other similar tax in Texas or Kansas or either of them, the increase or decrease due thereto shall be determined by first ascertaining the quantity of gas produced and/or purchased by Seller in such State and delivered to said pipe line and upon which such tax has been paid. Buyer shall be deemed to have received of such gas the same proportion thereof that the gas purchased by Buyer bears to the total gas transmitted by Seller in its pipe line. In general the applicable increase or decrease due to such State legislation, regulations or orders shall be that proportion of the increased cost which the quantity of gas sold to Buyer bears to the total quantity transmitted beyond the boundary line of such State.

Adjustments shall be made thereafter annually, at the close of each calendar year and in the same manner, but if at the end of any calendar year it be found that the increase or decrease for such calendar year, based upon the costs during the first twelve calendar months period of operation, and computed as herein provided, be less than 20%, then the charge for gas set forth in Section 2 of Article VII shall remain in force for the next succeeding calendar year.

In computing increase or decrease in taxation there shall not be considered changes in income taxes, excess profits taxes, capital stock taxes, franchise taxes or general property taxes, or such taxes as by plain provision or intent of the law are to be paid by the party taxed and not passed on to the consumer. Neither shall there be considered any increase or decrease in costs or regulation by any state or national commissions engaged purely in the regulation of utilities or carriers.

As soon as possible after the close of each calendar year Seller shall furnish Buyer with a computation showing the increase or decrease in such operating costs, and such amount as it claims the charges for gas should be increased or decreased for the ensuing year. For the purpose of determining the accuracy of such computation and

the facts upon which it is based. Buyer shall have the right at any reasonable time or times, by its duly authorized agents or accountants, but no more than once a year, to audit the pertinent records and books of account of Seller, and of any successor carrying out this Agreement.

5. As Seller's share in Buyer's cost of changing over its distribution system to adapt it to the distribution of natural gas or mixed gas, Seller will contribute to Buyer the sum of \$220,000, by way of twelve equal monthly credits against the monthly bills to be rendered by Seller to Buyer pursuant to Article VIII of this Agreement, and during the first year immediately following the Effective Date.

Article VIII.

Billing

- 1. On or before the fifth day of each month, Buyer shall render to Seller a statement showing for the preceding calendar month the volume of natural gas shown by its meters to have been delivered by Buyer to each of its Special Industrial Customers.
- 2. Seller shall, on or before the tenth day of each calendar month, render to Buyer a statement showing the following:
- (1) The total number of therms delivered by Seller to Buyer during the preceding calendar month; with complete computation showing procedure by which determined;
- (2) The number of therms delivered by Buyer to each of the Special Industrial Customers during the preceding calendar month, in accordance with its aforesaid statement;
- (3) The total number of therms delivered by Seller to Buyer for other than Special Industrial Customers during the preceding calendar month, in accordance with its aforesaid statements (1) and (2);
- (4) The maximum daily demand applicable to the period; and
- (5) The payment then due from Buyer to Seller determined as provided in this Agreement and in any other

Agreements between the parties relating to sales to Special Industrial Customers.

Such statements shall be accompanied by charts showing the basis on which the daily deliveries in therms were computed.

3. Each party shall have the right to examine at reasonable times the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions of this Agreement.

Article IX.

Payments.

- 1. Buyer agrees to pay Seller at its designated office on or before the twentieth day of each calendar month for natural gas delivered during the preceding month, according to the measurements, computations and prices herein provided and billed by Seller in the statement for said month, excepting that in the event that at any time Buyer shall dispute the correctness of any statement so rendered, then payment shall be made by Buyer for such amounts as it concedes to be correct and such amount as may be in dispute shall be settled by agreement by mutual. submission to arbitration, or by court action. Any payment by Buyer shall not prejudice its right to adjustment of any bill to which it has taken exception or may subsequently take exception within a reasonable time after discovery of its right to such adjustment, but in any event within twelve (12) months from date of bill.
- 2. Should Buyer fail to pay the amount of any bill for gas rendered by Seller as herein provided, when such amount is due, interest thereon shall accrue at the rate of 6% per annum from the due date until the date of payment. If such failure to pay continues for 60 days after payment is due, Seller may, in addition to any other remedy it may have hereunder, suspend further delivery of gas until such amount is paid, provided, however, that if the Buyer shall, in good faith, either dispute the amount of any such bills or parts thereof, or present a counter-claim or effect against the same, and shall at any time

thereafter within thirty (30) days of a demand made by Seller, furnish a good and sufficient surety bond, in amount and with sureties to be approved by Seller, conditioned upon the payment of any amounts ultimately to be found due upon such bills after a final determination, which may be reached either by agreement, arbitration award or judgment of the courts as may be the case, then such bills shall not be deemed to be due within the meaning of this paragraph unless and until default be made in the conditions of such bond.

Except as Seller may question the ability of Buyer to respond in damages, it need not demand or require such bond and it may permit such disputed amounts to accumulate, but in the event Seller shall require Buyer to give bond then Seller shall be obligated to institute appropriate legal action to determine such dispute within one year after the date of the bills in question, or unless by agreement of the parties the matter be submitted to arbitration within such period.

- 3. If presentation of bill by Seller is delayed after the tenth day of the month, then the time of payment shall be extended correspondingly, unless the delay in the presentation of the bill is occasioned by the delay on the part of Buyer in furnishing a statement of the amount of natural gas delivered to Special Industrial Customers.
- 4 If it shall be found at any time that Buyer has been overcharged in any form whatsoever under the provisions hereof, and Buyer shall have actually paid the bills containing such overcharges, Seller shall refund such amount or amounts of overcharges within thirty (30) days of the determination thereof, with interest thereon at the rate of six per cent. (6%) per annum from the times respectively when such overcharges were paid until the date of refund, provided, however, that claim therefor shall have been made within sixty (60) days from the date of discovery of any such overcharges, but in any event within twelve (12) months of bill.

Article X.

Operations By Seller

1. Seller agrees that all construction of pipe fines shall be of adequate capacity for the delivery of gas to Buyer

in accordance with the requirements of this Agreement, but not to exceed a maximum amount of 90,000,000 cubic feet of gas per day or its equivalent nine hundred and twelve thousand six hundred therms.

- 2. In addition to the sources of supply, contracts for the purchase of gas, and transmission facilities which Seller represents it now holds or has available through subsidiaries, Seller agrees at all times to hold or have available through subsidiaries, sufficient gas acreage and gas production facilities to meet the requirements of this Agreement and its other obligations for the sale of gas and to have sufficient gas available and/or to hold long term gas purchase contracts with responsible parties calling for the sale and delivery to it of gas in sufficient quantities for the afore aid purposes and to own or have available through subsidiaries or contract rights a system of pipe lines which shall be of adequate size for the transmission of gas from the various sources of supply to the Place of Delivery hereunder.
 - 3. It is further understood and agreed that Buyer is a public utility company operating in the metropolitan area of Defroit, Michigan, and that, inasmuch as one of its most important obligations is to supply the City of Detroit and its environs with gas, Seller shall operate its pipe line, or cause the same to be operated in such manner as to assure, as nearly as is reasonably possible, continuous supply of gas in the quantity and of the quality required by this Agreement.

Article XI:

Buyer's Facilities

- 1. Buyer agrees to make such changes in its distribution system as may be necessary to enable it to distribute natural gas and agrees to proceed to make such changes in time to be prepared to receive deliveries of natural gas on the Effective Date.
- 2. Buyer agrees to give Seller notice at all times, as far in advance, as operating conditions will permit, of the estimated daily, monthly and annual quantities of natural gas required hereunder and the anticipated peak hourly

demands. Buyer shall use its best judgment and experience in arriving at such estimates, but shall not be bound by the quantities thereof.

- Buyer agrees that it will, subject to temporary of permanent outage resulting from either unavoidable deterioration or casualty; maintain in operation the storage holders which if now has, and will operate the same each day so as to assist in leveling the peak demands for natural gas to be delivered by Seller hereunder, subject. however, to the right of Buyer to keep at all times in its holders a reserve of gas of sufficient quantity to insure safe and adequate service to its customers as determined by Buyer; and Buyer will as nearly as practicable, with such storage capacity, take natural gas in equal and uniform hourly volumes. Subject to the aforesaid use by Buyer of holder capacity, Seller agrees to deliver to Buver natural gas in accordance with the hourly and daily demands of the markets of Buyer up to but not to exceed a maximum daily demand of 90,000,000 cubic feet, or its equivalent nine hundred and twelve thousand six hundred therms.
 - Inasmuch as interruptions in the delivery of gas hereunder may, from time to time occur due to force majeure, as herein defined, or otherwise, and Buyer serv ing the large population and industries within the metropolitan area of Detroit, being in duty bound to maintain its present water gas generating plants in good operating. condition to effect continuity of service during such periods of interrupted service on the part of Seffer, and because, in order to furnish gas of substantially the heat equivalent of natural gas it will be necessary for Buyer. to make large expenditures on such generating equipment. Seller recognizes and agrees that notwithstanding. the covenant that Buyer will purchase from Seller all its natural gas requirements, Buyer may use its present generating plants from time to time to manufacture gas substantially equivalent in heat units to natural gas, to assist in leveling those peak demands which would otherwise increase the cost of gas under this Agreement, provided; however, that Buyer shall pay for the minimum requirements specified in Section 4 of Article II; pro-

vided, further, that nothing in this Section contained shall limit Seller's obligation to furnish Buyer's requirements for gas as elsewhere herein provided.

Article XII.

Place and Point of Delivery

The Place of Delivery for all gas to be delivered by Seller to Buyer hereunder shall be at Buyer's River Rouge plant, Greenfield and Allen Roads, in Melvindale, Michigan, except in the case of such Special Industrial Customers as shall be served directly from some other point on Seller's pipe line, as may be agreed on by the parties. The Point of Delivery shall be the outlet side of Seller's meters at the Place of Delivery and before passing through Buyer's regulators.

Article XIII.

Possession of Gas

- 1. As between the parties hereto, Seller shall be in control and possession of the gas deliverable hereunder and responsible for any damage or injury caused thereby until the same shall have been delivered to Buyer at the Point of Delivery, after which Buyer shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby.
- 2. Each party shall indemnify and save harmless the other party on account of any and all damages, claims or actions arising out of the maintenance or operation of the property and/or equipment of the indemnifying party, the Point of Delivery of the gas as hereinbefore specified to be the point of division of responsibility between the parties.

Article XIV.

Pressure

Seller agrees to furnish gas hereunder at such pressuces as Buyer may require, up to but not exceeding 100 ** pounds to the square inch gauge pressure, at the Point. of Delivery. Buyer agrees to install, operate and maintain at the Point of Delivery such regulating devices as may be necessary to regulate the pressure of the gas delivered hereunder. Seller agrees to use due care and diligence to furnish gas to Buyer at a uniform pressure.

Article XV.

Force Majeure

- 1. Neither party shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent overcome.
- 2. Such causes or contingencies affecting the performance of this Agreement by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligations to make payments of amounts then due here under; nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telegraph to the other party as soon as possible after the occurrence relied on.

Article XVI.

Warranty of Title to Gas.

Seller agrees that it will and hereby dees warrant generally the title to all gas delivered under this Agreement

and the right to sell the same and that such gas shall be free and clear from all liens and adverse claims and that it will indemnify Buyer and save it harmless from allsuits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas and/or to royalties, taxes, license fees or charges thereon, which are applicable before the title to the gas passes to Buyer or which may be levied and assessed upon the sale thereof to Buyer. In the event any adverse claim of any character whatsoever is asserted in respect of any of said gas, Buyer may retain the purchase price thereof up to the amount of such claim without interest until such claim has been finally determined, as security for the performance of Seller's obligations with respect to such claim under this Section, or until Seller shall have furnished bond to Buyer, in an amount and with sureties satisfactory to Buyer, conditioned for the protection of Buyer with respect to such claim.

Article XVII.

Patents

In case Buyer should wish to use gas purchased hereunder for reforming. Seller will undertake to secure for Buyer, without cost to Buyer, the right to use in the area now served by Buyer, necessary processes covered by patents which Seller can control.

Article XVIII.

Remedies

In the event that:

⁽a) Seller should be unable to, or fail, for a period longer than ninety (90) days to deliver gas of a standard and British thermal unit content as provided in this Agreement or which would meet the approval of any governmental agency having jurisdiction over Buyer, Buyer may by written notice to Seller cancel and terminate this

Agreement in five days, on condition that at least sixty (60) days before said notice be given, Buyer shall have notified Seller that the gas delivered, or sought to be delivered, is below standard or unacceptable to the regulatory body and that said condition has then pertained for a period of thirty (30) days?

In the event that:

- (b) Seller should, for a period of five (5) consecutive days, fail to deliver to Buyer and material portion of the gas which under this Agreement it is bound to deliver, or
- (c) there should be a deficiency in deliveries, caused by the failure or inability of Seller to deliver the quantity of gas which Buyer desires and is entitled to demand under this Agreement on any day of each seven (7) day period over a period of six (6) consecutive seven (7) days periods, commencing with the day on which such deficiency first occurred,

Buyer may, within two (2) weeks of the last day of any such periods provided in (b) and (c), by written notice cancel and terminate this Agreement, to be effective six (6) months from the delivery of such notice, on condition that Buyer shall have notified Seller in writing of each such daily deficiency or deficiencies within forty-eight (48) hours after the same shall have occurred.

If by reason of any of the causes enumerated in Section 1, Article XV, either party is effectively prevented or prohibited from further carrying out this Agreement, or if by reason of any order of court or governmental agency resisted by all reasonable legal means, Buyer is prevented from selling and distributing gas within the City of Detroit, then either party may by five (5) days written notice to the other party, cancel and terminate this Agreement, without liability of any kind from one to the other, excepting for such transactions and dealings as were had and completed prior to the effective date of such cancellation.

In the event that Buyer shall fail to pay any bill rendered it by Seller for gas delivered under this Agreement within sixty (60) days after the same became due, Seller may, in addition to all other remedies which it may have at law in addition to those provided herein, at any time thereafter by written potice to Buyer, cancel and terminate this Agreement, to be effective six (6) months from the delivery of such notice, provided that this remedy shall not be available or effective in case of default in the payment of disputed bills as elsewhere provided herein.

- 2. Any cancellation of this Agreement pursuant to the Povisions of this Article XVIII shall be without prejudice to the right of Seller to collect any amounts then due it for gas delivered prior to the effective date of the cancellation, subject to any proper counter-claims or set-offs of Buyer, and without waiver of any remedy to which the party not in default may be entitled for violation of this Agreement.
- The remedies herein specifically provided for are cumulative, and in addition to all rights and remedies for specific performance or for damages, including loss of return and profits, or otherwise, which either party may have at law or in equity for breach by the other party of any agreement, condition or covenant contained herein, which rights and remedies neither Buyer nor Seller, shall in anywise be deemed to have waived either by the expressed provisions for the foregoing remedies or by the exercise of any thereof; provided, however, that in the event that this Agreement be cancelled or terminated by reason of any of the causes enumerated in Section 1 of Article XV hereof, or by reason of any order of court or governmental agency prohibiting the Buyer from distributing natural gas within the City of Detroit which has been resisted by all reasonable legal means, there shall be no liability upon the part of either party to the other, excepting such liability as remains unsettled between the parties arising from the sale of gas and such transactions as were had and completed between the parties prior to cancellation.
- 4. If Seffer shall at any time fail to deliver gas in volumes and/or at such pressures as Buyer may require

up to the limits otherwise herein provided, Seller shall, unless relieved by the terms of Article XV hereof, reimburse and indemnify Buyer for any expenses, loss or damage which it may sustain by reason of such failure; including the expense of putting into operation any gas manufacturing equipment, and/or obtaining manufactured gas or natural gas to remedy such deficiency.

Article XIX.

Miscellaneous

- 1. There shall be no modification of the terms and provisions hereof except by the formal execution of supplementary written contracts.
- 2. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.
- 3. Seller may assign its rights and obligations hereunder to a corporation to be formed for the purpose of carrying out this Agreement. Either Seller or Buyer may
 assign the rights and obligations of this Agreement to
 a corporation, which shall receive the assets, of such
 assignor and obligate itself to carry out the provisions
 hereof binding on such assignor, in which event the assignor shall be released hereunder, but otherwise neither
 party shall assign this Agreement or any of its rights
 hereunder unless it shall first have obtained the consent
 thereto of the other party.
- 4. Any notice, request, demand, statement or bill provided for in this Agreement shall be in writing and shall be duly delivered when mailed by registered mail to the Post Office address of either of the parties hereto, as the case may be, as follows:

Seller: Panhandle Eastern Pipe Line Company, 101 West 11th Street, Kansas City, Mo. Buyer: Detroit City Gas Company, 415 Clifford Street, Detroit, Michigan.

or at such other address as either party shall designate of for the purpose.

- 5. This Agreement shall be binding on any company which shall succeed by purchase, merger or consolidation to the properties of the Seller or Buyer, as the case may be.
- 6. Buyer will adopt and use schedules and forms of rates which will in its judgment tend to stimulate sales of natural gas for domestic, industrial and commercial purposes and for house heating. Buyer will make every reasonable effort to increase and build up the sales of natural gas throughout its gas distribution system and Seller will cooperate with Buyer in accomplishing this restilt. Buyer agrees to make such reasonable extensions to its distribution system as would be susceptible of earning a reasonable return on the investment.

In Witness Whereof, the parties hereto have caused this
Agreement to be signed by their respective Presidents or Vice-Presidents thereunto duly authorized, and their respective corporate seals to be hereto affixed and attested by their respective Secretaries or Assistanto Secretaries, the day and year first above writted.

PANHANDLE EASTERN PIPE LINE COMPANY, By B. R. Bay, President.

(Corporate Seal)

Attest: N. F. Paxton, Assistant Secretary.

DETROIT CITY GAS COMPANY, By Wm. G. Woolfolk, President.

(Corporate Seal)

Attest Chas. S. Ritter, Secretary.

Approved as to form: James O. Murfin, Park Chamberlain.

7

(Exhibit 264)

Supplement 2 of Schedule 12.

Supplemental Gas Contract

Between

Panhandle Eastern Pipe Line Company

and

Detroit City Gas Company

Dated June 2, 1936.

Supplemental Gas Contract

Panhandle Eastern Pipe Line Company

and .

Detroit City Gas Company.

Agreement made this 2nd day of June, 1936, by and between Panhandle Eastern Pipe Line Company, a corporation of the State of Delaware (hereinafter called Seller), party of the first part, and Detroit City Gas Company, a corporation of the State of Michigan (hereinafter called Buyer), party of the second part 17

Whereas, under date of August 31, 1935, the parties entered into a contract (hereinafter called the Gas Contract) whereby, among other things, Seller agreed to sell and deliver to Buyer and Buyer agreed to buy and take from Seller all of the natural gas requirements of Buyer for distribution and sale to any and all of its present and future customers and for its own use, within the limits therein specified;

Whereas Seller is making large investments in extensions, additions and reinforcements of its existing pipeline system in order to enable it to comply with and meet the requirements of the Gas Contract, and desires Buyer to create as rapidly as possible a market for natural gas larger than that which now exists;

Whereas Buyer now represents that, under the conditions hereinafter provided, it will be able to obtain within the near future a substantial number of additional

househeating customers and thereby increase its natural gas requirements under the Gas Contract, but that the obtaining of such househeating customers will involve it in considerable expense;

Whereas Seller desires Buyer to increase its natural gas requirements under the Gas Contract through the acquisition of additional househeating customers;

Whereas Buyer contemplates maintaining and operating the storage holders and the water gas generating plants which it now has to assist in leveling peak demands for natural gas to be delivered by Seller, as set forth in Sections 3 and 4 of Article XI of the Gas Contract; and

Whereas, upon condition that Buyer shall sell and distribute gas having a heating value approximately equal to the heating value of the natural gas delivered by Seller to Buyer, the parties hereto have concluded to enter into this Supplemental Contract;

Now, Therefore, in consideration of the mutual covenants and agreements of the parties as herein set forth, the parties hereto covenant and agree as follows:

Article I

Definitions

Except where the context otherwise indicates another or different meaning or intent, the following terms are intended and used and shall be construed to have meaning as follows:

- 1. The term "Househeating Customer" shall mean a customer of Buyer who uses no other kind of fuel than gas for his space heating purposes and who purchases gas from Buyer under Buyer's rate schedule applicable to such customers.
- 2. The term "Househeating Purposes" shall apply to that portion of the gas sold by Buyer to its Househeating.

Customers which shall be used by them for space heating purposes.

- 3. The term "Average Number of Househeating Customers" served during any calendar month shall mean one-half of the total number of Househeating Customers actually receiving househeating service on the last day of the calendar month preceding the calendar month in question plus one-half of the total number of Househeating Customers actually receiving househeating service on the last day of the calendar month in question.
- 4. The term "Winter Period" shall mean a period consisting of the four consecutive months of December, January, February and March.
 - 5. The term "Total Measured Deliveries" for any given day shall mean the total number of therms of natural gas delivered by Seller to Buyer on that day at the Point of Delivery specified in the Gas Contract, exclusive of gas sold by Seller to Buyer and resold to Special Industrial Customers.
 - 6. The term "Degree Day Deficiency," for any day shall mean the number of degrees the mean outside temperature for that day is below 65° Fahrenheit. The term "Degree Day Deficiency," for any other period shall mean the sum of the Degree Day Deficiencies for that period. The outside temperature shall be the 24-hour mean of outside temperature reported by the United States Weather Bureau at Detroit, Michigan.
 - 7. The term "Factor K" shall mean the number of therms of gas which the average Househeating Customer is deemed to take for Househeating Purposes per unit of Degree Day Deficiency and shall be fixed for the purposes of this contract at .31 until changed as hereinafter provided.
 - 8. The term "Househeating Daily Delivery of Buyer" shall mean the number of therms of gas calculated to have been sold by Buyer for Househeating Purposes on any given day during a month, determined by multiplying the

Degree Day Deficiency for that day by the Factor K, and multiplying this product by the Average Number of Househeating Customers served during that month, determined as described in Section 3 of this Article I.

In order to limit the extent of the application of the special rate for Househeating Purposes herein provided for, it is agreed that the Average Number of Househeating Customers used as a factor for the purpose of the computations to be made under this Section shall not exceed 6,000 in connection with each of the months prior to May, 1937, 10,000 in connection with each of the months after April, 1937 and prior to May, 1938, 13,000 in connection with each of the months after April, 1939 and prior to May, 1940 and shall never exceed 20,000, even if the actual Average Number of Househeating Customers in any month is greater than 20,000.

- 9. The term "Base Load" for any given day shall mean (a) the total number of therms of gas (other than gas sold to Special Industrial Customers) sent out by Buyer on that day minus the Househeating Daily Delivery of Buyer for that day or (b) the Total Measured Deliveries for that day, whichever shall be less.
- 10. The term "Househeating Daily Delivery of Seller" shall mean the number of therms, if any, by which the Total Measured Deliveries for any given day exceed the Base Load for that day.
- 11. The term "Base Load Maximum Demand" shall mean the Base Load delivered on that day of the preceding Winter Period on which the delivery of Base Load was a maximum.
- 12. Prior to the end of the first Winter Period following the "Effective Date" of the Gas Contract, the "Base Load Maximum Demand" shall mean the Base Load delivery on that day on which the delivery of Base Load was.

 a maximum.

Article II Billing Basis

- From the "Effective Date," as defined in the Gas Contract, until the date of termination of this Supplemental Gas Contract, as hereinafter set forth, the Demand Charge for each month, in lieu of the Demand Charge set forth in Section 2 of Article VII of the Gas Contract, shall be an amount equal to 38c multiplied by the sum of (a) the established Base Load Maximum Demand, and (b) twice the average Househeating Daily Delivery of Seller for the current billing month, Monthly payments by Buyer to Seller shall be made on the basis of the modified Demand Charge hereinabove provided and the Commodity Charge as set forth in the Gas Contract; provided, however, that if for any twelve-months' period, ending on March 31 in any year (of for a period of less than 12 months commencing on the Effective Date of the Gas Contract and ending on March 31, 1937), the total payments due to Seller for natural gas, other than that purchased for resale to Special Industrial Customers, calculated on the foregoing basis shall exceed the total amount that would have been payable for such period if calculated pursuant to the provisions of the Gas Contract unaffected by this Supple mental Gas Contract, then Seller shall refund to Buyer an amount equal to such excess by credit against the monthly payment due in the succeeding month,
 - 2. On or before June 1st of each year during the life of this Supplemental Gas Contract, a redetermination of the accuracy of Factor K shall be made by two engineers: or representatives, one designated by each of the parties hereto. Such redetermination shall be made in the light of the data which Buyer shall procure as to the average number of therms of gas consumed by Househeating Customers per unit of Degree Day Deficiency in the territory served by Buyer during the heating season just ended and during prior heating seasons. If such redetermination discloses that the Factor K is inaccurate, said engineers of representatives shall fix and agree upon the correct value of the Factor to be applied during the ensuing heating season, and such new value shall be binding on both parties during the ensuing heating season, and thereafter until changed as herein provided.

In the event that the said engineers or representatives shall fail to agree, they shall select an impartial engineer, whose decision on the question or questions involved shall be final and shall be binding on both parties during the ensuing heating season and thereafter until changed as herein provided.

For the purpose of providing actual operating data by means of which the accuracy of Factor K may be redetermined, Buyer agrees to install in the houses of at least one per cent of its Househeating Customers separate meters for the determination of the amount of gas sold to such customers for Househeating Purposes. Such customers shall be selected in such manner as to give a representative cross section of the consumption of Buyer's Househeating Customers.

- 4. On or before the fifth day of each month, Buyer shall render to Seller a statement showing for the preceding calendar month all data (other than the total daily and monthly deliveries of natural gas by Seller to Buyer) necessary to enable Seller to make the computations called for by the provisions of this Article II.
- 5. Representatives of Seller shall have the right at all reasonable times to inspect audit and check the records of Buyer for the purpose of verifying or correcting any of the statements rendered to Seller by Buyer pursuant to the provisions of Section 4 of this Article II.

Article III

Buyer's Covenant

1. Buyer agrees promptly to inaugurate a campaign and deligently to continue its efforts to induce customers in the territory served by Buyer to install the necessary equipment and to use natural gas for heating their houses.

Article IV

New Special Househeating Customers

1. For Househeating Customers obtained by Buyer, whose premises are heated solely by gas through the means of a central heating system (hereinafter in this

Article IV referred to as "Special Househeating Customers") in addition to those Buyer has obtained prior to May 1, 1936, Seller will pay to Buyer, within the dates and limits hereinafter specified, the amounts set forth in the following table:

Obtained during period	Total payment per new customer		
Commencing Ending			
May 1, 1936 April 30 1937	\$10.00 Not	exceeding 5,000	customeri
* * 1937 * * 1938	8.00	4,000	
" " 1938 " 1939	6.00	* 3,000	4 .
" 1939 " " 1940	4.00 "	3,000	. 15
"•" 1940 " " 1931	2.00 "	3,000	

- 2. As soon as practicable after the execution of this Supplemental Gas Contract, Buyer shall furnish to Seller a statement of the number of its Special Househeating Customers on May 1, 1936. On or before the 10th day of the month following the rendition of the aforesaid statement, and on or before the 10th day of each calendar month thereafter, to and including the month of May, 1941, Buyer shall furnish to Seller a statement of the total number of new Special Househeating Customers obtained subsequent to the 1st day of May next preceding the month for which such statement is rendered and actually connected to its distribution system on the last day of the preceding calendar month.
- 3. The payments above specified shall be made per new Special Househeating Customer, by credit against the monthly statement rendered in August following the close of the yearly period in question for natural gas sold by Seller to Buyer under this Agreement. No payments shall be made pursuant to this Section 3 in respect of new Special Househeating Customers obtained after April 30, 1941.

Should Buyer obtain fewer new Special Househeating-Customers in any year than the maximum for which Buyer would be entitled for such year to receive the payments above specified, the number for which Buyer would be entitled for the succeeding year to receive the payments for the succeeding year shall be increased by the arithmetic deficit of the previous year. Except as the maximum number of new Special Househeating Customers for which Buyer would be entitled for any year to receive the payments above specified may be increased as provided in this paragraph, no payments shall be made at any time on account of new Special Househeating Customers obtained by Buyer in any year in excess of the maximum number set forth in the foregoing table.

- 4: Payments in any year shall be based on the monthly average of the monthly totals of the number of new Special Househeating Customers to whom such payments are applicable. Said average shall be determined from Buyer's records and the monthly statements referred to in Section 2 of this Article IV.
- 5. Representatives of Seller shall have the right at all reasonable times to inspect, audit and check the records of Buyer for the purpose of verifying or correcting statements of Buyer/concerning number of new Special House-heating Customers secured or actually served during any period in question.

Article V

Termination

If Buyer shall fail to sell and distribute gas having a heating value approximately equal to the heating value of the natural gas delivered by Seller to Buyer under the Gas Contract, this Supplemental Gas Contract shall terminate and be automatically caucelled and thereafter all payments for such natural gas shall be made pursuant to the provisions of Article VII of the gas contract. In no event shall the life of this Supplemental Gas Contract exceed the life of the Gas Contract.

Article: VI

Miscellaneous Provisions

- 1. Seller shall not be required, by reason of anything contained herein, to supply in the aggregate hereunder and under the Gas Contract, more than 90,000,000 cubic feet or its equivalent, 912,600 therms, of natural gas in any one day.
- 2 All of the provisions of the Gas Contract, except in so far as they are inconsistent herewith, shall be applicable

to natural gas sold and purchased for Househeating Purposes hereunder.

In Witness Whereof, the parties hereto have caused this Agreement to be signed by their respective Presidents or Vice-Presidents thereunto duly authorized and their respective corporate seals to be hereo affixed and attested by their respective Secretaries or Assistant Secretaries the day and year first above written.

PANHANDLE EASTERN PIPE LINE COMPANY, By James L. Harrop,

(Corporate Seal)

Vice-President

Attest:

Leith V. Watkins,

Secretary.

DETROIT CITY GAS COMPANY, By Wrn. G. Woolfelk,

(Corporate Seal)

President.

Attest:

Chas. S. Ritter,

. Secretary

[fol. 16644].

· Columbia System

Financial Statement

Of

Indiana Gas Distribution Corporation
Columbus Group

For period ended December 31, 1941.

Signed-Signature Unreadable,

Treasurer.

Date January 20, 1942.

1	Assets . Columbia Sy	etem		46.5			. 2
	Indiana Gas Distributi		norati	on			
	Balance Sheet as of December 31, 1941	on Cor	poraei				
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5	Inter-Company Accounts	XX		422 35		56 95	+5 734 3 30. 5
6	Special Deposits And Funds	x x	•	122 00	,	30 33	30. 3
7	Deferred Debits	x x		7 41		7 41	7 4
8 .	Clearing And Contra Accounts	x x	ě,				13°
9 .							
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	Investments In Associated Companies						
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4	Bonds	20				374	
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	Columbia Oil & Gasoline Corporation	. 0	7.			9.	* *
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2	Other Companies				• •		
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			11				
	. Total Other Investments						
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27	- Appliance - Install't Acc'ts			382 62	- (-)	+21 97
28	" — Other ·	20-B		1.75		+49 62	+99 21
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188	. Less: Reserve for Uncollectible Accounts	21-B		3 936 36		1 42	+50.65
	Net Notes and Accounts Receivable			26 384 07		+1 557 67	*4 494 68
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2 3 1 3 3 4 3	20 21 23 24 25 26 27 28	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable — Utility Service — Appliance — Current Accits — Appliance — Install't Accits — Other Total Notes and Accounts Receivable	x x x 20 20 B 20 B 20 B 20 B	29	200 00 548 94 387 12 382 62 1 75 320 43	. (+1 518 10 11 47) +49 62 -1 556 25	+4 03 +38 +2 +9 +4 54	38, 16 85, 99 21, 97 99, 21 15, 33
いい かいない いきゅう	20 21 23 24 25 26 27	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable — Utility Service — Appliance — Current Acc'ts — Appliance — Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts	x x x 20 20 B 20 B 20 B	29 30 3	200 00 548 94 387 12 382 62 1 75 7 320 43 8 936 36	(*1 518 10 11 47) *49 62 *1 556 25 1.42	+4 03 +38 +2 +9 +4 54	38 16 35 99 21 97 99 21 35 33 50 65
3 0 0 23 1 5 3 7 3 0 0	20 21 23 24 25 26 27 28	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable — Utility Service — Appliance — Current Accits — Appliance — Install't Accits — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable	x x x 20 20 B 20 B 20 B 20 B 20 B	29 30 3	200 00 548 94 387 12 382 62 1 75 320 43	(+1 518 10 11 47) +49 62 -1 556 25	+4 03 +38 +2 +9 +4 54	38 16 35 99 21 97 99 21 35 33 50 65
3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	20 21 23 24 25 26 27 28 188	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable — Utility Service — Appliance — Current Accits — Appliance — Install't Accits — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable	x x x 20 20 B 20 B 20 B 20 B 21 B	29 30 3 20	200 00 548 94 387 12 382 62 1 75 7 320 43 8 936 36	(*1 518 10 11 47) *49 62 *1 556 25 1.42	+4 03 +38 +2 +9 +4 54	38 16 35 99 21 97 99 21 35 33 50 65
3) 3 3 1 3 3 7 3 9 1 2	20 21 23 24 25 26 27 28 188 31 32	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable — Utility Service — Appliance — Current Accits — Appliance — Install't Accits — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Interest Receivable	x x x 20 20 B 20 B 20 B 20 B 21 B	29 30 3 26	200 00 2 548 94 387 12 382 62 1 75 7 320 43 9 36 36 3 384 07	(+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67	+4 03 +38 +2 +9 +4 54 +4 49	38 16 85 99 21 97 99 21 15 33 50 65 94 68
3 9 2 3 1 5 3 7 8 9 9 1 2 3	20 21 23 24 25 26 27 28 188 31 32 33	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable — Utility Service — Appliance — Current Acc'ts — Appliance — Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Interest Receivable Invidends Receivable Surplies — Ceneral	x x x 20 20 B 20 B 20 B 20 B 21 B x x x x 21 A	29 30 3 26	200 00 548 94 387 12 382 62 1 75 7 320 43 8 936 36	(*1 518 10 11 47) *49 62 *1 556 25 1.42	+4 03 +38 +2 +9 +4 54 +4 49	38 16 85 99 21 97 99 21 45 33 50 65 94 68
3 00 23 1 5 3 7 3 0 0 1 2 3 1 .	20 21 23 24 25 26 27 28 188 31 32 33 34	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable — Utility Service — Appliance — Current Acc'ts — Appliance — Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Interest Receivable Invidends Receivable Supplies — Eneral Supplies — Fuel	x x x 20 20 B 20 B 20 B 20 B 21 B x x x x 21 A x x	29 30 3 26	200 00 2 548 94 387 12 382 62 1 75 7 320 43 936 36 384 07 176 93	(+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67 +199 42	+4 03 +38 +2 +4 54 +4 49	38 16 35 99 21 97 99 21 45 33 50 65 94 68
	20 21 23 24 26 27 28 188 31 32 33 34 35	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable — Utility Service — Appliance — Current Acc'ts — Appliance — Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Interest Receivable Surphies — Central Supplies — Central	x x x 20 20 B 20 B 20 B 20 B 21 B x x x x 21 A x x x	29 30 3 26	200 00 2 548 94 387 12 382 62 1 75 7 320 43 9 36 36 3 384 07	(+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67	+4 03 +38 +2 +4 54 +4 49	38 16 35 99 21 97 99 21 45 33 50 65 94 68
3) 2 3 1 5 5 7 6 9 1 2 3 1 5 5	20 21 23 24 26 27 28 188 31 32 33 34 35 36	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable—Utility Service — Appliance—Current Acc'ts — Appliance—Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Uniques — Seneral Supplies — Seneral Supplies — Fuel Merchandise Stock Gas Stored	x x x 20 20 B 20 B 20 B 21 B x x x 21 A x x x 20	29 30 3 26	200 00 2 548 94 387 12 382 62 1 75 7 320 43 936 36 384 07 176 93	(+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67 +199 42	+4 03 +38 +2 +4 54 +4 49	38 16 35 99 21 97 99 21 45 33 50 65 94 68
7 8 9 9 1 2 3 4 5 6 7	20 21 23 24 26 27 28 188 31 32 33 34 35 36 37	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable—Utility Service — Appliance—Current Acc'ts — Appliance—Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable	x x x 20 20 B 20 B 20 B 20 B 21 B x x x x 21 A x x x 20 x x	29 30 3 26	200 00 548 94 387 12 382 62 1 75 320 43 936 36 384 07 176 93 164 66		+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67 +199 42	*4 03 *38 *3 *4 54 *4 49	38 16 85 99 21 97 21 97 21 5 33 50 65 94 68 20 82 21 97 21 95 21 97 22 97 23 97 24 97 25 97 26 97 27 97 28 97 29 97 20 97
3 9 2 3 1 5 3 7 3 9 9 1 2 3 1 5 5 7 3	20 21 23 24 25 26 27 28 188 31 32 33 34 35 36 37	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable—Utility Service — Appliance—Current Acc'ts — Appliance—Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Interest Receivable Interest Receivable Supplies—General Supplies—General Supplies—General Supplies—Fuel Merchandise Stock Gas Stored Miscellaneous Inventories Prepaid Accounts	x x x 20 20 B 20 B 20 B 20 B 21 B x x x x 21 A x x x 20 x x 21 A	29 30 3 26	200 00 2 548 94 387 12 382 62 1 75 7 320 43 936 36 384 07 176 93		+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67 +199 42	*4 03 *38 *3 *4 54 *4 49	38 16 85 99 21 97 21 97 21 5 33 50 65 94 68 20 82
3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	20 21 23 24 26 27 28 188 31 32 33 34 35 36 37	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable—Utility Service — Appliance—Current Acc'ts — Appliance—Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Interest Receivable Interest Receivable Supplies—General Supplies—General Supplies—General Supplies—Fuel Merchandise Stock Gas Stored Miscellaneous Inventories Prepaid Accounts	x x x 20 20 B 20 B 20 B 20 B 21 B x x x x 21 A x x x 20 x x	29 30 3 26	200 00 548 94 387 12 382 62 1 75 320 43 936 36 384 07 176 93 164 66		+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67 +199 42	*4 03 *38 *3 *4 54 *4 49	38 16 85 99 21 97 21 97 21 5 33 50 65 94 68 20 82
3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	20 21 23 24 25 26 27 28 188 31 32 33 34 35 36 37	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable—Utility Service — Appliance—Current Acc'ts — Appliance—Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Interest Receivable Interest Receivable Supplies—General Supplies—General Supplies—General Supplies—Fuel Merchandise Stock Gas Stored Miscellaneous Inventories Prepaid Accounts	x x x 20 20 B 20 B 20 B 20 B 21 B x x x x 21 A x x x 20 x x 21 A	29 30 3 26	200 00 548 94 387 12 382 62 1 75 320 43 936 36 384 07 176 93 164 66		+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67 +199 42	*4 03 *38 *3 *4 54 *4 49	38 16 35 99 21 97 21 5 33 50 65 94 68 20 82 21 97 21 95
7 8 9 9 1 2 3 4 5 6 7 8 9 9 1	20 21 23 24 25 26 27 28 188 31 32 33 34 35 36 37	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable—Utility Service — Appliance—Current Acc'ts — Appliance—Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Interest Receivable Interest Receivable Supplies—General Supplies—General Supplies—General Supplies—Fuel Merchandise Stock Gas Stored Miscellaneous Inventories Prepaid Accounts	x x x 20 20 B 20 B 20 B 20 B 21 B x x x x 21 A x x x 20 x x 21 A	29 30 3 26	200 00 548 94 387 12 382 62 1 75 320 43 936 36 384 07 176 93 164 66		+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67 +199 42	*4 03 *38 *3 *4 54 *4 49	38 16 35 99 21 97 29 21 35 33 50 65 94 68
7	20 21 23 24 25 26 27 28 188 31 32 33 34 35 36 37	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable—Utility Service — Appliance—Current Acc'ts — Appliance—Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Interest Receivable Interest Receivable Supplies—General Supplies—General Supplies—General Supplies—Fuel Merchandise Stock Gas Stored Miscellaneous Inventories Prepaid Accounts	x x x 20 20 B 20 B 20 B 20 B 21 B x x x x 21 A x x x 20 x x 21 A	29 30 3 26	200 00 548 94 387 12 382 62 1 75 320 43 936 36 384 07 176 93 164 66		+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67 +199 42	*4 03 *38 *3 *4 54 *4 49	35 99 21 97 99 21 35 33 50 65 94 68 20 82 91 95
8 9 1 2 3 4 5 5 7 8 9 9 1	20 21 23 24 25 26 27 28 188 31 32 33 34 35 36 37	Less: Reserve for Investment Securities Total Other Companies Total Other Investments Current And Working Assets Cash Working Funds Temporary Cash Investments Notes Receivable Accounts Receivable—Utility Service — Appliance—Current Acc'ts — Appliance—Install't Acc'ts — Other Total Notes and Accounts Receivable Less: Reserve for Uncollectible Accounts Net Notes and Accounts Receivable Interest Receivable Interest Receivable Interest Receivable Supplies—General Supplies—General Supplies—General Supplies—Fuel Merchandise Stock Gas Stored Miscellaneous Inventories Prepaid Accounts	x x x 20 20 B 20 B 20 B 20 B 21 B x x x x 21 A x x x 20 x x 21 A	29 30 3 20	200 00 548 94 387 12 382 62 1 75 320 43 936 36 384 07 176 93 164 66		+1 518 10 11 47) +49 62 -1 556 25 1 42 +1 557 67 +199 42	+4 03 +38 +4 54 +4 49 +28	38 16 55 99 99 21 97 99 21 15 33 560 65 94 68 92 191 95

*Indicates red figures.

(Exhibit 266.)

Columbia System Indiana Gas Distribution Corporation

Assets 1-A Balance Sheet as of December 31, 1941

*	Acc't		Detail .		Incre	n s e
	No.		n Page		Over Previous	Since January
					Month	First.
64	۵ . ۰	Inter-Company Accounts	6			
65	55	Accounts Receivable - This Group	20 .		+360.00.	+375 96
66	. 56	" — Other Groups	20-A	422 35	416 95	406 47 •
67	57	Dividends Receivable	20	- 0		name.
68	58	Interest Receivable	20		-	8-
69						
70		·				
*					0	- P
71		Total Inter-Company Accounts	9	422 35 .	56 95	30 51
70		California And Funda				. 0
72	1000	Special Deposits And Funds	• 20		0	
73	71 72	Impounded Cash	20			
74		Employees Welfare Fund.	20	1 1		,
75	75	Miscellaneous	. 20		1	
76 ©77	- "					
78	1 110		6	100	1	
10		•	0.			
79		Total Special Deposits And Funds		~		
					-	•
80		Deferred Debits				
81	81	Unamortized Debt Discount and Expense	21			-
82	82	Extraordinary Property Losses	21	38	/ _	
83	83	Preliminary Survey and Investigation Charges	21 .	7 41		
84	84	Other Deferred Debits	21-4	7 41	7 41.	7 41
85				. /		2 1
86			•	1.0		8
87				0		
88		9	1.			
895				. /		
90.5		Total Deferred Debits		7 41	. 7 41	7 41
10.	,	Total Deterred Debits		- 11		
91		Clearing And Contra Accounts	/	· ·		. 6
92	85	Maintenance and Jobbing Work in Progress	* * . /	?		0.0
93	88	Shop Expense-Clearing	001			8
. 94	89 •	Other Clearing Accounts	ex x			
95	90	Inter-Co. Contingent Interest Receivable (Contra Ace't)				
. 06	91	Inter-Co. Contingent Interest Expense (Contra Acc'				
97	92	Contingent Assets (Contra Account)	V V			
. 860	93	Non-Productive Well Drilling Expense	× ×			
99	94-5	Special Deposits-Interest & Dividends (Contra Acc't)	1.			
100	01.0	op the reposito interesta princenta (contra fice t)			4 1	
101						10.19
102		1				
103					do	
104		1. 8	6 %			
105				*		3
			•	;	** · · ·	
106		Total Clearing And Contra Acc'ts			•	1
					• 0	
107		Total Assets		238 177 62	+9 209 29	1 354 08

Deferred Credits

(Exhibit 266) Columbia System

		olumbia Sys			4.44
23		• Distributio	n Corporation	Liabilities	
*	Corrected Copy			Balance Sheet as of	December 31, 1941
		2 .		Increase	
				Over Previous	Since January
Acc't	Summary Summary	. Detail		Month	First,
No.		on Pag	e e		0
1	Land Town Data (France)		t		
	Long Term Debt (Except Current Maturities)	1 . x x		-	y 10 - 1
	Long Term Debt-Inter-Company	, x x			- 2
	Current And Accrued Liabilities	x x	20 785 27	1 441 47	5 404,61 3
	Inter-Company Accounts	. x x	42 606 05	*3 156 14	*4 812 61 4
	Deferred Credits	x x	34 75	+2 62	8 70 5
	Clearing And Contra Accounts	x x	438 53	16 26	467 34 6
	Reserves	x x	40 336 45	461 19	+3 841 67 7
. :	Capital And Surplus	xx	7 976 57	*8 059 45	4 127 71 8
	B	. 9			
1	Total Liabilities		000 197 00	40,000,00	. 1 051 00 10
	Total Linolities	207	238 177 62	+9 299 29	1 354 08 10
1	0.				11
	Detail	Of Liabilitie	8		12
	Long Term Debt (Except Current Maturities)			7	13
110	Bonds	20		9	14
hii	Miscellaneous	20	ñ · .	4	15
. /	Miscentaneous	20			
,	Total Long Term Debt				16
	tota Long term Debt.				- 10
	To Patricia Comment	•			
	Long Term Debt-Inter-Company				. 17
115	Notes Payable	20-A	126 000 00	•	- 18
116	- Income Demand Notes Payable	20		-	- 19
117	Loans Payable	20			- 20
118	Income Demand Loans Payable	20	, · · - n	\-	- 21
	.0	. 1		. 1	22
				1	23
	Total Long Term Debt-Inter-Company		126 000 00		- 24
5	Total Long Term Deor-Inter Company	3	120 000,00		4.
	Current And Accrued Liabilities		. 9		or
100	Notes Payable	00		٠. ١٠	25
120		20		100	26
121	Accounts Payable	x x	1 515 80	447 82	+86 99 27
122	Compensation Awards Payable	20	• - 6		- 28
123	Long Term Debt-Current Maturities	20 3	-	/ .	- 29
124	Dividends Declared	x x			. — . 30
125 ₺	Customers Deposits	x x .	1 495 00	10 00	530 00 31
126	Other Current Liabilities	x x	37 87	£2 47	9 30 32
127	Accrued Taxes	21-A	17 609 23	2654 29	4 903 24 33
128	Accrued Interest-Customers' Deposits	21-A	127 37	6 89	49 06 34
129	Long Term Debt	21	7.121 01	0.00	
		21		·	- 35
130	" Other		- 1		- 36
131	Accrued Dividends	XX		4	③ <u> </u>
132	Other Accrued Liabilities	21			- 38
4	• • • • • • • • • • • • • • • • • • • •				39
			/		40
				* 1	41
1.					. 42
	and the second s				43
	Total Current And Acerued Liabilities		20 785 27	1 441 47	5 404 61 44
			-		
	Inter-Company Accounts	•		/	45
155	Accounts Payable-This Group	20-A	437 82	+274 56	+297 55 46
156	Other Groups	20-A	42 168 23	+1 471 58	*4.515 06 47
157	Dividends Payable	20	1 200 20		1.010 00 11
158	Interest Payable	20	/	+1 410 00	40
100	Interest I systole	20		1 410 00	- 49
			1		50
				* * * * * * * * * * * * * * * * * * * *	. 51
					. 49 -22
	Total Inter-Company Accounts	-	42 606 05	*3 156 14	*4 812 61 52
	A manager of		•		

	Current And Accrued Liabilities Inter-Company Accounts	XX	42 606 05	+3 156 14	+4 812 61	. 4
	Deferred Credits	XX	34 75	+2.62	8 70	5
1 2	Clearing And Contra Accounts	x x	438 53	16 26	467 34	6
	Reserves	* X X	40 336 45	461 19	+3 841 67	7
	Capital And Surplus	x x	7 976 57	+8 .059 45	4 127 71	8
4.		4 .				9
	Total Liabilities	٠	· 238 177 62	+9 299 29	1 354 08.	10
1,9		>	•			11
	Detail Of L	abilities			, ,	12
140	Long Term Debt (Except Current Maturities) Bonds	20			* ,	13 ·
111	Miscellaneous	20	S. J.			15
• • •	Total Long Term Debt	• 3		a make		16
	Long Term Debt-Inter-Company					: 17
1155	Notes Payable	20-A	126 000 00	The second	-	18
16	Income Demand Notes Payable	20				19
117	Loans Payable	20		-	1.	20
118	Income Demand Loans Payable	20			-	21 .
4	7					. 22
*						23
-		1	100,000,00		,	0.
•	· Total Long Term Debt-Inter-Company		126 000 00			24
	Current And Accrued Liabilities		0	*1	d,	25
120	Notes Payable	20	record		2	.26
121	Accounts Payable	x x	1 515 80	447 82	+86-99	27
22	Compensation Awards Payable .	20	1	***************************************	-	28 .
123	Long Term Debt-Current Maturities	20	F	Lancace N	0.	29
24	Dividends Declared	XX				30
125	Customers Deposits	хх	1 495 00	10 00	530 00	31
26	Other Current Liabilities	x, x	37 87	22 47	9 30	32
127	Accrued Taxes	21-A	17 609 23	954 29	4 903 24	33
128	Accrued Interest-Customers' Deposits	21-A	127 37	6 89	49.06	34
129	" Long Term Debt	21 .	' . ,	•		35
130	" "-Other.	21 •	nd no.	_	_	36
131	Accrued Dividends	хх,		. 7		. 37
132	Other Accrued Liabilities	21	5	- manual		38
						40
1.0				0		41
		* * 2			a .	42
		m. *				43
		5.4	E C.			
	Total Current And Accrued Liabilities		20 785 27	1 441 47	5 404 61	44
			in the complete and the			
	Inter-Company Accounts					45
155	Accounts Payable-This Group	20-A	437 82	+274 56	+297 55	46
56	" Other Groups	20-A	42 168 23	+1 471 58	*4 515 06	47.
57	Dividends Payable	20	-	description of the second		48
58	Interest Payable	20	-	- +1 410 00	40000	49
100					• • •	50
						51 .
	Total Inter-Company Accounts	·	42 600 05	+3 156 14	+4 812 61	52
			2 000		. 0.2 01	
1	Deferred Credits					53
60	Contingent Earnings Pending Rate Decision	21	, , ,	Auditorian d	description of the second	. 54
79	Less: Income Tax on Contingent Earnings	21	at the same	well were		55
0	Net Contingent Earnings		etings.	and the same of th	· · · · · · · · · · · · · · · · · · ·	56 •
6Î -	Customers Advances for Construction	21	annote .	er-man. "		-57
62	Unclaimed Customers' Deposits Including Interest	21		***		-58
63	Other Deferred Credits	21-B	34 75	+2 62	8.70	59
					100-	60
	an a					61
	•				•	02.
	Total Deferred Credits		- 34 75		8 70	

There are no known Unrecorded Contingent Liabilities.

*Indicates red figures.

Columbia System Indiana Gas Distribution Corporation

2-A Liabilities

*Corrected Copy

Balance Sheet as of December 31: 1941

	*Corrected Copy		, Dai	ance Sheet as of I	recember 31, 13	341,
Acc't		Detail		Incre	a s e	
No.	Detail Of Liabilities (Continued)	on Page		Qver Previous Month	Since January First	,
	Clearing And Contr. Accounts				•	64
86	Transportation Expenses — Clearing	.21-B	438 53	16 26	467 34	
166	Other Clearing Accounts	21	o	-		66
- 167	Contingent Liabilities (Contra Account)	21				:67
168	Unpres. Coupons & Unclaimed Dividends (Contra			18		68
f69	Liter-Co. Contingent Interest Payable (Contra Acc			- ·		.69
170	Inter-Co. Contingent Interest Income (Contra Acc					70
		60 . 60	6			71
		~		W		
	Total Clearing And Contra Acc ts	+ - + -	438 53	16 26	9 467 34	72
	Reserves And Special Surplus					73
180	Retirement and Depletion	21-B	27 069 92	77 18	3 931 23	
. 97	Less: Retirement Work in Progress	21-B		219 61	0 301 20	75
	Net Reserve for Retirement and Depletion		27 069 92	*142-43.	3 931 23	76
181	Injuries and Damages	21-B	8 977 78	87,00	1 090-00	77
182	Non-Productive Well Drilling	21				78
183	Contributions In Aid of Construction	21-B ·	. 3 600 00	65 00	+170 00	
-184	Columbia System Protection Fund	21			•	80
185	Contingencies	21-B	688 75	451 62	688 75	
- 186	Other Reserves	21			_	82
190	Special Capital Surplus	. 18-A	1 -	_ · ·		83
191 & 3	2 Surplus Prior to January 1, 1938	18-A			. +9 291 65	84
<i>ā</i> .						
4 .						85
	Total Reserves And Special Surplas •		40 336 45	461.19	*3 841,67	86
	Capital, And Surplus Since Dec. 31, 1937	*				87
101	Shares Common (No Par)		-= 1 000 00			88
Q.	Less Shares in Treasury	'X X				89
103	Shs. Pref. (%) (Par)				•	° 90
	Less Shares in Treasury	X X				91
	Shs. Pref. (°c) (Par)					92
	Less / Shares in Treasury	X X				93
	Shs. Cum. Pref. (%) (Par)					94
	Less Shares in Treasury	x x				95
	Authorized 40,000 Shares Common			· 1		96
	Unissued 9,980 "	* .				97
	2 2 10 10 10 1		· · · · · · · · · · · · · · · · · · ·		. 7	98
100	Total Capital Stocks	· 10 4	P 1 000 00			99
193	Capital Surplus Since December 31, 1937	18-A	0.000	An OPO 45	4 108 81	100
194 .	Earned Surplus Since December 31, 1937	18	6 976 57	*8 059 45	4 127 71	101
	/			40		102
, 4					*	103
300	Total Sarplus		6 076 57	+8 059 45	4 107 71	104
	Total sulpius	X X	6 976 57	8 009 40	4 127 71	105
	Total Capital, And Surplus Since Dec. 31, 1937	x x	7 976 57	*8 059 45	. 4 127 71	106
* 1-911-1-1-1-1	Total Liabilities			1	9. a	107

[fol. 16649]

Operating Expenses

Exhibit 266. Columbia System Indiana Gas Distribution Corporation

Income
Statement
Month of December — 1941

+4.5

59 2

+15 844 12.

736 44

87.4

85.1

53

Increase Over Previous Year Percent of Gross Previous This Amount . Detail Percent Year Amount Year on Page Month of December Gross Revenues +9.9 **†3** 732 40 99.6 100.1 34 138 67 4A Gas 5A Electric 6 & 7 Railway and Bus . 8A # Water and Heating *117 9 +186 60 +28 29 Non-Utility 9 +10.3 +3 919 00 100.0 34 110 38 100.0 Total Revenues . 10 Operating Expenses +12 4 11 +4 063 98 86.1 84.1 28 696 62 X X Operation +122 26 +69.5 12 . 5 53 58 $\mathbf{x} \cdot \mathbf{x}$ Maintenance 1.0 13 . 6.8 8 21 75 340 42 Provision for Retirements and Depletion XX 22.3 14 481 03, 7.7 5.7 2 641 14 24-B 15 +3 683 46 +10.4 93.0 93.1 31 731 76 Total Expenses +9.0 16 +235 54 2 378 62 7 0 6.9 Net Operating Revenue 17 18.6 41 2 62 16 Other Income +9.0 18 6.9 +235 13 2 381 24 7 0 Gross Corporate Income + 3 19 1.9 +2 45 2 1 718 43 17 Other Deductions 20 Less: Interest Charged to Construction-Credit 21 +232 68 +12.3 19 5.0 1 662 81 Net Income 22 Months Ended 23 Gross Revenues 24 4B Cias 25 5B Electric 26 6 & 7 Railway and Bus 27 8BWater and Heating 28 9 Non-Utility 29 ٠. 30 100.0 100.0 Total l'evenues 31 Operating Expenses 32 x x . Operation 33 x x Maintenance 34 Provision for Retirements and Depletion . x x 35 24 Taxes 36. Total Expenses 37 Net Operating Revenue 38 16 .. . Other Income . 39 Gross Corporate Income 40 17 Other Deductions 41 Less: Interest.Charged to Construction-Credit .42 43 Net Income. 12 Months Ended December 31 -14 Cross Revenues 45 +2 0 +7 960 73-4C 99.9 395 617 28 99 9 46 , Gas 5C Electric 47 6 & 7 Railway and Bus 48 SC Water and Heating 49 75.1 284 65 663.749 Non-Utility 50 **+7** 676 08 +1.9 51 100.0 100.0 396 281 02 Total Revenues 52

337 138 41

Electric	6 & 7 °	3	(37%)	0	· ·		5 .
Talinay ain the	8A .	•	200	_	3 4400 00	A117 0	. 0
Water and Heating	9 ·	+28 29	(C)1,	.4	*186 60	*117.9	8
Non-Utility 6			. 7				9
		34 110 38	100.0	100.0	+3 919 00	+10.3	9
otal Revenues	-	34 110 35	100.0		•		10
Operating Expenses		*			+4 063 98	+12.4	11
Operation	XX	28 696 62	84.1	86.1	*122 26	≑69.5	12
Maintenance	x x	53 58	2	5	21 75	6.8	13
Provision or Retirements and Depletion	xx i	340, 42	1.0	. 8	-481 03	22.3	14
Taxes	24-B	2 641 14	7.7	5.7			15
Total Expenses		31 731 76	93.0	93:1	+3 683 46	+10.4	
Net Operating Revenue		2 378 62	7.0	6.9)	+235, 54 41	18.6	16
Other Income	16.	2 62	inesse.	-			-
ross Corporate Income		2 381 24	. 7.0	6.9	+235 13	+9.0	18
	17	718 43	2.1	1.9	+2 45	+ 3	19
Other Deductions Less: Interest Charged to Construction-Credit a					0		20
		1 662 81	4 9	. 5.0	+232 68	+12.3	21
Net Income	Month	s Ended		* .	F . 5		22*
		D I Miles	**	*			23
Gross Revenues	4B '	: :					24
Gas .	5B- ;						25
Electric	6 & 7		1.	*		3.	26
Railway and Bus	8B	•					27
Water and Heating	9.				/		28
Non-Utility					1		29
			100.0	100.0			30
Total Pevenues .		the state of the s	· a	A granden we a second as a second as			31
Operating Expenses							32
Operation	XX		* * *				33
Maintenance	XX		• .	3			34
Provision for Retirements and Depletion Taxes	x x 24		. 0	•			35
Total Expenses					2		36
and a second of the second of	-						37
Net Operating Revenue Other Income	16		* * 1.		. 0		38
Gross Corporate Income			. "				39
A CONTRACT OF THE PROPERTY OF	17			• 1	100		40
Other Deductions	17				11		41
Less: Interest Charged to Construction Credit					A Company of the Party of the P	٠.	-12
Net Income		1-1 December	31		-* .		43
12	Months En	ded December					. 44
Gross Revenues	4C	395 617 28	99 9 -	99 9	- +7 060 73	+ 2 0	- 45
Gas	5C .	, days	4		and another the	e second	45
Electric Bailway and Bus	6 & 7	· · · · · · · · · · · · · · · · · · ·	· weeken	1-6		1	48
Railway and Bus. Water and Heating	8C			dan.	004.05	75 1	49
Non Utility	9	663 74	1.	1:	284 65	70 1	- 50
& control of		5 Bh			· · · · · · · · · · · · · · · · · · ·		
m . I II		396-281-02	100.0	100.0	÷7 676 08	*1.9	. 5
Total Revenues							5
Operating Expenses		007 100 11	85.1	87.4	+15 844 12	+4.5	5
Operation	x x	337 138 41 1 980 35	50.1		736 44	59 2	. 5
Maintenance	X X		9	• 9	200 00	5 6	: 5
Provision for Letirements and Depletion	XX	3 240 80	5.5	3 9	5 718 97	36.0	5
Taxes	. 24-B	21 619 75		and the state of t	+9 188 71	+2.5	5
Total Expenses		364 479 31	92 0	. 92.5			
the second secon		31 801 71	°.80	7.5	1 512 63	5.0	
Net Operating Revenue Other Income	16	.29 40			*16 23	+35 6	1
The second secon		31 831 11	8.0	7.5	1 496 40	4.9	6
Gross Corporate Income			2 2	2.1	26 65	.3	. (
Other Deductions	17	8 551 07	2.2	. 2.1		_	. 6
Other Deductions		2000	/ -	•			
Less: Interest Charged to Construction-Credit.	17				1 460 75	6.7	•
Less: Interest Charged to Construction-Credit. Net Income	18	23 280 04	5.8.	5.4	1 469 75 (D)	6.7 (E)	

*indicates red figures

Columbia System Indiana Gas Distribution Corporation

Gas 4-A

1 Month Ended December 31, 1941

					•			Increase O	ver Previou	s Year	
Acc't No.	9		etail Page o		ount	Percent of Gross	Cents Per M C F †	Amount	Percent	Cents Per MCF †	
. 1	Gross Revenue—Gas					. 0			/.		1
1200	Residential		x·x	. 7	397 70	21.7	93.38	559 62	8.2	2.42	2
1201	Commercial	,	x x	1	292 30	₽\$28	79.67	+213 34	+14.2	4.87	3
1202	Municipal & Other Public		, x x		46 62	1	89.65 。	*9 52	+17.0	5.86	4
1203	Industrial		x x	25	371 92.	74.3	25.73	+4 055 36	+13.8	40	5
1204	Other Public Utilities •	,	x x		Lamon			_	-		6
1205	Other Sales		x x.	***		•		-	and the same of th	· - ·	7
15)		6					•				8
	Total			34	108 54	99.9	31.52	+3 718 60	+9.8	1.45	9
1208	Inter-Company Sales-This Group		24-	•	-	•	- •		-		10
1209	" — Other Group	8	· 24-			:	_	· come		-	11
3	Total Sales-Inter-Company				tioner.		.,				12
	Total Revenue—Gas			34	108 54.	99.9	. 31 52	+3 718 60	+9.8	0 1.45	13.
-	Other Gas Department Revenues	1	24°C		- 30 13	:1		+13 80	+31.4	1.	14
	Total Revenue	ś			138 67	100.0	31:55	+3 732 40	+9.9	1.14	15
	Operating Expenses			.01	.,,,	100.0	, 01.00	702 10	•		16
	Gas Purchased—Inter-Co.—This G	roup	25		-		men.		a : ·	-	.17
*	" -Other (Groups	25	27	037 -80	79.2	24.73	*4 561 02	*14.4	+.38	18
	Total Purchased Inter-Co.			27	037 80	79.2	24.73	*4 561 02	+14.4	+.38	19
	Gas PurchasedOthers		25						and the second	. +	20
	Interchange of Gas-Net	•	25		region.		-	–	-		21
. 4.	Gas In or Out of Storage - Net		25					-			22
	Purchased Gas Expense—Operation		25		15 60	MARKET .	.01	15 60	-	.01	23
	- Maintenar	ace	25	0.	-	- minor	- Colonia	Y			24
	Production—Operation		26-7	. 3 /	-	-	÷.—	* *	-		25
14 21	" Maintenance		26-7			erena.		*	-	* * *	26
	Transmission - Operation		38	-)	-	strollen			determ	-	27
	" - Maintenance		28			1.0		4112.00	417.0		.28
·	Distribution—Operation ; —Maintenance		29 29	09**	544 15 53 58	1, 6	.50	+113 20 +122 26	+17.2	+.02	29 30
0	Customers Acc't'g & Collecting		30	• .	389 71	1.1	36	*15 60	*69.5 *3.8	.04	31
	Sales Promotion		30		546 60	1.6	.51	458 49	520.4	44.	32
	Administrative & General—Operati	oń.	31		262 19	6.	24	20 98	8.7	.05	33
	Mainter		31	1	202 15	-		20 33			34
	Miscl. Duplicate Charges—Credit		31		139 47-	4	. 13	+99.26	+41.6	+.06	35
	Total Operation & Maintenance	. 0		28	710 16	84.7	26.53	+4 217 75	+12.8	35	36
4		% of Gross		0	•					- 4	37
		Prev. Year								4	
	Total Operation	86.4	31	28	656-58	83.9	26.48	+4 095 49	+12.5	.44	38
	Total Maintenance	.5	31		53 58	2	.05	+122 26	+69.5	+.09	39 .
	Prov. for Retirements & Depletion	. 8	31		340 42	1.0	.31	21 .75	6.8	.06	40
1	Taxes-Federal	3.9	31	1	842 30 .	5:4	1.70	380 80	26.1	. 54	41
	Taxes-State and Other	1.9	31		798-84	2.3	.75	100 23	14.3	19	42
	Total Expenses	93.5	31	. 31	691 72	92.8	29.29	t 3 714 97	*10.5	1.14	43.
	Net Operating Revenue—Gas	6.5	:	2	446 95	7.2	2.26	+17 43	+.7		44
		4		: 60							45
			1. 2	Stat	istic	8					46
MCF-	Sales to Public and Other Utilities		51	. 1	08 211	. 99.0	x x x	• +17 571	*100	x x x	47
47	Sales Inter-Company—This Group	^	51	8	-	-	x x x	4		x x x	48
~	" " -Other Groups		51		-	erana .	xxx		-	x x x	49
- o".	Total All Sales		51	* •	08 211	99.0		+17 571	*14:0		50
				: 1	00 211	99.0	XXX	11 3/1	14.0	XXX	51
	Company Use, Elec. Gen. Stations		51	•	15		xxx	+ 27	*64.3	XXX	52
1"	Other Company Use Other Miscellaneous		51,		15	>	xxx		91.0	x x x	53
						7	XXX				
* :	Total Deliveries	* *	51	. 1	08 226	90.0		+17 598	*14.0	x x x	. 54

	Other Pubne			10 04		. w.w.				•
1203 Industrial 1204 Other Publi	c l'itilities		XX	25 371 92	74.3.00	25 73	*4 055 36	*13.8	40	6
1205 Other Sales			x x	- 4		4		- 3	_	7
			0 5	•				: 1	0	8
Total				34 108 54	99.9	31.52	+3 718 60	+9.8	1.45	9 .
1208 Inter-Comp 1209 " "	any Sales—This Group Other Group	8	24 ² 24-					_	T* .	10
	-Inter-Company		•	-		_				12 a
Total Revenue	-Gasio 3			34 108 54	99.9	31.52	+3 718 60	. +9.8	1.45	13 .
Other Gas	Department Revenues	1.	24-C	30 13	i		+13 80	*3T.4 `		14
Total Revenue			*.	34- 138- 67	100.0	31 . 55	*3 732 40	+9.9°	1.44	15
Operating Expe	nsest2	0 .	:				,			16
Gas Burcha	ed—Inter-Co.—This Gr Other C		25 25	27 037 80	79.2	24.73	+4 561 02	. *14.4 &	+ 38	17
Table David		roups	20 .	27 037 80	79.2	24.73	+4 561 02	+14.4	+.38	19
	ssed—Inter-Co., sed—Others		25	21 001 80	- 24	21.73	4 301 02	14.4		20
	of Gas—Net		25 4				- Arrana			21 22
	ut of Storage - Net Jas Expense - Operation		25	15 60	- 4	.01	15 60			23
	" - Maintenan	ice	25	_	G		_		-	24
Production	-Operation -Maintenance		26-7 °	Politica Military	all and	/	- Commander	-		25 26
Transmissio	n-Operation	•	28	-0		· F	·		_ 0	27
	-Maintenance -Operation		28 29	544 15	1.6	50	• •113 20	+17.2	+.02	29
*	Maintenance		29 :	53 58	2	.05	+122 26	+69.5	+.09	30
Customers Sales Prom	Acc't'g & Collecting		30 30	389 71 546 60	1.1	.36 .51	+15 60 #158 49	*3.8 520.4	.04	31
	ive & General-Operation	on	31	262 19	.8	24	20 98	8:7	05	33
Mind Duni	-Mainter	nance	31	139 47	-4	- 13	+99 26	+41.6	+.06	34
	ition & Maintenance		. 31	28 710 16	84.1	26.53	* *4 217 75	+12.8	35	36
1 otal Opera	ition & Maintenance	% of Gross		28 710 10	01.1	20 00	74 217 13	12.0		37
		Prev. Year		•			1		2.	
Total Opera Total Main		86.4	31	28 656 58 53 58	83.9	26.48 .05	*4 095 49 *122 26	*12.5 *69.5	+.09	38
	etirements & Depletion	.8	31	340 42	1.0	.31	21 75	6.8	.06	40
Taxes—Fed		3.9	31	1 842 30	5.42	1.70 .75	380 80	26.1 14.3	. 19	41
	te and Other	1.9	•	798 84	2.3	- 1				
Total Expenses		93.5	31	31 691 72	92.8	29.29	+17 43	+10.5	. 1.14	44
Net Operating	Revenue Gas	6.5		2 446 95 .	7.2	2.26	1/143		- 30	
			8	tatistics		•		*		45 46
MCF - Sales to Public a			51	108 211	99.0	x x x	+17 571	•14.0	x x x	47
Sales Inter-Comp	oany—This Groups —Other Groups	2 -	51	Minima Minima	man *	xxx	mana.		x x x x x	48
" Total All Sales	0 ' '	• •	51	108 211	99.0	xxx	+17 571	+14.0 °	xxx	50 -
" Company Use, E	lec. Gen. Stations		51			xxx ?	-	-	x x x	51
" Other Company " Other Miscellane	one .		51	15	_	XXX	.* 27	*64.3	* * * *	52 53
Total Deliveries	•		51	108 226	99.0 ه	xxx	+17 598	+14.0	* x x x	
MCF-Purchased-Inte	-Co.—This Group	• :. •	51		-	xxx		•	* * *	55
4	" -Other Groups		51	109 311 .	100.0	x x x	+16 513	+13.1	x x x	56
Purchased—Other	rs (· · ·		51 51			x x x		_	x x x	57 58
" Interchanged-N			51			x x x	-	onen.	x x x	59
" In or Out of Stor	age-Net		51	THEOREM,		x x x x x x			XXX	60
" Total Gas Avails	ble For Deliveries		51	109 311	100.0	x x.x	+16 513	+13.1	x x x	62
" Unaccounted For				1 085	1.0		1 085		XXX	-
			51		-	(C)		(E)	(F)	
† Two Places Beyon		*		(A)	(B)	(C)	(D)	(E)	· (P)	69
* Losses in Black	*Indicates red figure	98. ° 0.								12
• • • • • • • • • • • • • • • • • • • •			1, +				* *			-

Columbia System

Indiana Gas Distribution Corporation

Gas* 4-C 12 Months Ended December 31, 1941

		Decem		Possess	Canta Day	Increa	se Over Prev	ious Year	
Acc't No.		Detail on Page	Amount	Percent of Gross	Cents Per MCF, †	Amount	Percent	Cents Per MCF †	
	Cross Revenue—Gas		2 .			:		• .	1
1200	Residential	x· x·	68 827 72	17.4	106.82	2 213 38	3.3	4.51	2
1201	Commercial	xx	12 926 08	3.3	89.38	+214 18	. 1.6	1:48	3
1202	Manicipal & Other Public	.x x	439 51	.1.	95.55	31 31	7.7	+ .05	4
1203	Industrial ()	x x.	313 007 72	79.1	25.60	+9 885 33		+1 81	5
1204	Other Public Utilities	x x	- 010 007 10	7		4	-		16
1205	Other Sales	xx		- moun		4	- 199	-	1
1200	Conferences								1/8
					0				1
	Total		395, 201, 03	99.9	30.32	+7 854 82	1.9	*1.66	9
1208	~Inter-Company Sales-This Group	24.	-			1		/	10
1209	-Other Groups	24-	0-			-	. W	/	11
	Total Sales-Inter-Company.						2		. 12
	discourse discourse of the same of the sam		005 003 00	4		+ 021 00	41.0	-	13
	Total Revenue—Gas		395 201 03	99,9	30.32	7 854 82	*1.9		1.5
	Other Gas Department Revenues	24-C	416 .25	. 16	. 1	*105 91	+20.3		14
	Total Revenue		395 617 28	100.0	30.35	*7 960 73	+2.0	. 1.67	15
	Operating Expenses -	2							16
	Gas Purchased-Inter-Co. This Group	25		-		_		·	17
	" - Other Group	s , 25.	320 181, 22	80.9	24.51	**15. 540 48	+4.6	÷2.11·	18
	Total Purchased—Inter-Co.		320 181 22	* 80.9	24:57	*15 549 48	+4.6	+2.11.	19
	Gas Purchased—Others	25		Apple on		*			20
	Interchange of Gas-Net.	25	-					• • • •	21
	Gas In or Out of Storage-Net .	25			11 1			*	1 32
	Purchased Gas Expense—Operation	25	34.31	-	and the second	8 47	32.8		23
		25				• +2 29			24
	Production—Operation	26-7	· · · · · -	_ •					25
	- Maintenance	26-7			1				26
	Transmission-Operation	-28					· · · · · ·		27
	- Maintenance	28.		ap motion		-			28
	Distribution Operation	€ 29	7 088 66 4	1.8	54	1 140 02	19.2	.07	29
	- Maintenance	29	1 980 35	•	.15	738 78		.05	36
	Customers Acc't'g & Collecting	30	4 795 56	1.2	37	*1 175 26		• 10	31
			1 933 38	5		190 87	11.0	.01	32
	Sales Promotion	a 30	· · · · · · · · · · · · · · · · · · ·	9	15	+935 40		+ 09	33
Ta	Administrative & General Operation	31'	3 419 21		26	933 40	+21.5		34
	- Maintenance					4000 01	400 1		
_	Misel. Duplicate Charges—Credit	31	776 32	2	06	+233 64	÷23, 1	*:02	,35
	Total Operation & Maintenance		335 656 37	85.3	25.98	*15 341 70	*4.3	+2:11	36
	C. 0	f Gross						*	37
	Pre	v. Year							2
	Total Operation 8	31	336 676 02	85 1	25.83	*16 078 14	*4.6	*2.16	38
	Total Maintenance	3 31	1 980 35	. 5	15	736 44	59.2	.05	39
	Prov. for Retirements & Depletion	9 31	3 740 80	1.0	28	200.00		- 10	10
		7 31	12 746 38	3.2	.98	3 788 39		. 43	41
		2 .31	8 873 37	2.2	- 68	*69 42		÷ 03	42
	Total Expenses		364 016 92	92.0	27 92	•9 422 73	+2.5 .	+1 71	4.5
1	the second secon	. I						·	
٠	Net Operating Revenue—Gas	5	31 600 36	8.0	2 43	1 402 00	. 49	, 04	4
			Statistics						48
MCF-	Sales to Public and Other Utilities	- 51	. 1 303 619	99.8	xxx	43° 209	3.1	* x x x	4
4	Sales Inter-Company This Group	51			*x x x			x x x	45
n n	" " Other Groups	51	. (/ =		x x x .		. 0.	-4x x x	49
			1	•					
	Total All Sales	- 51	· 1 303 619	99.8	x x x	43 209	3.4	x.x x	-
19	Company Use, Elec. Gen Stations .	51			x x x	-		x x x	51
66	Other Company Use	51	182		XXX	+18	+9 0	xxx	50

	Gross Revenue		on one en	fine .	. #		:/'		
200 201	Residential Commercial	XX	68 827 72 12 926 08	3.3	80.38	+214 18	4 1.6	1.48	3
202	. Municipal & Other Public	хх	439 51		95.55	31 31	7.7	+ 05	4
203	Industrial	x x	313 007 72	79.1	25.60	+9 885 33	*3.1	+1.81	5
204	. Other Public Utilities	хx			emm.	emm.	-	ghiloso n	. 6
205	Other Sales	x x		to electron				A common	. 7
			007 001 00	00.0	. 00.90	7 854 82	A1 0	* +1 00	. 8
	Total		395 201 03	99.9	30.32	7 854 82	+1.96	*1.66	. 9
08	Inter-Company Sales—This Group Other Groups	24-		-	-	-	-		10
	Total Sales—Inter-Company.		-		•	y			12
4	Total Revenue—Gas		395, 201 03	99.9	30.32.	+7 854 82	41.9	+1.66	13
	Other Gas Department Revenues •	24-C	416 25	- 1 *		+105. 91	+20.8		14
	Total Revenue		395 617 28	100.0	30.35	7 960 73	+2.0	+1.67	1.
	Operating Expenses		•)		* 11	10
2 -	Gas Purchased-Inter-Co This Group	25		00'0	- 0	A15 210 10	+4.6	+2.11	. 1
	" -Other Groups	25	320 181 22	80.9	24.51	+15 540 48 +15 540 48	-+4 6	+2.11	
•	Total Purchased Inter-Co. Gas Purchased Others	25	320 181 22	80.9	24.51	10 040 48	4.0	*2.11	2
e2 .	Interchange of Gas—Net Gas In or Out of Storage—Net	25 25		· · ·	-	-		:	2
	Purchased Gas Expense—Operation	25	34 31		-	8 47	32.8		2
-	" Maintenance	25		-	· · ·	+2 29	+100.0	-	2
	Production—Operation — Maintenance,	$\frac{26-7}{26-7}$	Million A.	*	6		1	Andrew .	. 2
	Transmission-Operation	28				,	Land .		2
	- Maintenance	28		-					. 2
S	Distribution Operation	29 29	7 088 66 v	1.8	15	1 140 02 738 73	19.2 59.5	07	-
,	- Maintenance Customers Acc't'g & Collecting	30	4 795 56	1.2		+1 175 26	+19.7	+.10	
	Sales Promotion	. 30	1 933 38	5	15	190 87	11.0	.01	
1	Administrative & General—Operation	31	3 419 21	9	26	+935 40-	+21.5	+ 09	- 4
	Maintenance	31 31	776 32	9	.06	+233 64	+23.1	+ 02	
_	Miscl. Duplicate Charges—Credit Total Operation & Maintenance	91	338 656 37	85.6	25 98	+15 341 70	*4.3	+2.11	
	Total Operation & Maintenance	1	. 308 009 34	1	6	19 941 10	11 .0	2.11	
	Prev. Yea	1				: •	\		-
	Total Operation 87.4	31	336 676 02	- 85.1	25.83	*16 078 14	+4.6	+2 16	
	Total Maintenance 3	31	1 980 35	5	P 15	736 44	59.2	.05	
	Prov. for Retirements & Depletion 9	31	3 740, 80	1 0	28	- 200 00	5.6	49	
	Taxes Federal 1.7 Taxes State and Other 2 2	31 31	12 7-6 38 8 873 37	$\frac{3.2}{2.2}$	m 98	5 788 39 +69 42	83\2	+ 03	
	Total Expenses 92 5	31	364 016 92	92 0	27 92	+9 422 73	+2.5	. +1.71	na ny fisana, alian nd
	Net Operating Revenue—Gas 7.5	•	. 31 600 36	8.0	2 43	1 462 00	4.9	04	1
0			*	* 100				9	-
In		8	statistics.					*	
CF-	Sales to Public and Other Utilities	51	1 303 649	.99.8	xxx	43 209	3.1	• x x x	
* * ;	Sales Inter-Company - This Group - Other Groups	51 31	17.	emi	X X X X			x x x x	
· .	Total All Sales	,51 a	1 303 619	99 8	xxx	43 209	3 4	x x x	-
	Company Use. Elec. Gen. Stations o	- 51	-	-	x x x			XXX	
	Other Company Use	51	182	There .	x x x		+9-40	\mathbf{x} \mathbf{x} \mathbf{x}	
	Other Miscellaneous	51.			XXX			X X X	
	Total Deliveries	51	1 303 804	99_8	XXX	43 191	3.4	XXX	
CF-	Purchased Inter-Co - This Group - Other Groups	51 51	1 306 394	100 0	X X X X X X	44 994	3 6.	XXX	
ef.	Purchased Others	51	1 300 351		XXX			XXX	
48	Produced	51		-	x , x x .			x x x	
61	Interchanged—Net	51	-		A A A	·		x x x	0
15	In or Out of Storage Net	51	5	75	XXX				
	Total GavAvailable For Deliveries o	51	1 306 394	100.0	xxx	44 994	4 · 3 C	xxx	-
		51	2 593	. 2	XXX	.	228 2	xxx	
	Unaccounted For - (Estimated)*								_

Columbia System

Indiana Gas Distribution Corporation

Month of December — 1941 Increase Over

		Detail	Amount			Previous	Year
a		on Page				Amount	Percent
· · · · · · · · · · · · · · · · · · ·			*	0	•		
	Month o	of December					
Fross Revenue-Non-Utility					•		
Gasoline	•	a 10A					*
Appliance		11A	+43 84			+202 15	+127 7
Farm		12		1			*
Shop and Jobbing		12	15 55	1	A	15 55	*
Miscellaneous		12	-	1		.9	-
Garage		13	4)	
Jarage		10					
	14 11 11		- 1			1 *	
Total Revenue—Non-Utility	*	1,	+28 29			*186 60	+117.9
Operating Expenses					• • • • • • • • • • • • • • • • • • • •		1
Operation · · ·	4		40 04			31 51	369.4
Maintenance .	4	* 1 .					
Provision for Retirements					3		
Taxes—Federal		7	-				
Taxes—State and Other			/	*		100	
Taxes Chare and Other				*		1.	
La I P			40,04			31 51	369 4
otal Expenses	to the second se		+68 33			*218 11	
let Revenue-Non-Utility			1 50		•	-219 11	140.0
		46 . 82-1-1				1 .	
	Mon	ths Ended					•
ross Revenue Non-Utility							
Gasoline		10B	*				
Appliance /	100	11B					
Farm	- No. 11	12					
Shop and Jobbing		12					
Miscellaneous		12					
Garage'		13		* *	4		
Carage		. 10			1	·	
				~			
							1
otal Revenue-Non-Utility			•		1		
perating E.penses							
Operation .			9				
Maintenance							
Provision for Retirements	•						
		0					
Taxes—Federal							
Taxes—Federal Taxes—State and Other	.)	* :					
Taxes—Federal Taxes—State and Other					. /		
Taxes—State and Other		4.4.		,	:/		
Taxes—State and Other Otal Expenses					-/-		
Taxes—State and Other Otal Expenses			0		-/-		
Taxes—State and Other Otal Expenses	12 N	onths Ended		./.			
Taxes—State and Other Cotal Expenses Net Revenue—Non-Utility Gross Revenue—Non-Utility	12 N				•		
Taxes—State and Other Cotal Expenses Net Revenue—Non-Utility Gross Revenue—Non-Utility Gasoline	12 N	10C		-/-			
Taxes—State and Other Cotal-Expenses Net Revenue—Non-Utility Gross Revenue—Non-Utility Gasoline Appliance	121	10C 11G	397 09	-/-	/.	27 00	7.3
Taxes—State and Other Cotal Expenses Set Revenue—Non-Utility Gross Revenue—Non-Utility Gasoline Appliance Farm	121	10C 11G	•	· / · /	/.	27 00	7.3
Taxes—State and Other Cotal Expenses Set Revenue—Non-Utility Gross Revenue—Non-Utility Gasoline Appliance Farm Shop and Jobbing	121	10C 11G 12 12	397 09	-/-	/.	27 00 257 65	7.3
Taxes—State and Other Cotal Expenses Get Revenue—Non-Utility Gross Revenue—Non-Utility Gasoline Appliance Farm	121	10C 11G	•		/.	27 00 257 65	7.3

	A PART .		revious	rear	
	Detail on Page	Amount	Amount	Percent	
		*			- 1
	Month of December			•	-
Gross Revenue—Non-Utility	10A		· · · · · · · · · · · · · · · · · · ·		
Gasoline Appliance	11A	+43 84	+202 15	+127.7	
Farm	12	70 01	202 10		1
Shop and Jobbing	12	15 55	15 55		-
Miscellaneous	12	* &			4.8
Garage	13	- d.		_	
					16
	9	*			1
otal Revenue—Non-Utility	•)	+28 29	+186 60	+117.9	13
perating Expenses	•				1
Operation		40 04.	31 51	369.4	. 1
Maintenance			-		1
Provision for Retirements			·		1
Taxes—Federal	•	essent.	martin for		t
Taxes-State and Other					1
					1
otal Expenses		40 04	31 51	369 4 .	2
et Bevenue—Non-Utility		+68 33	+218 11	+145 6	2
		/			2
	Months Ended				2
ross Revenue—Non-Utility			0		2
Gasoline	10B				2
Appliance	11B				2
Farm	12				2
Shop and Jobbing	12			1. 37	2
Miscellaneous	12	" . I' . 91 - V			2
Garage	13,	9	•		. 3
•				rG .	3
				Topy	n. weter
otal Revenue—Non-Utility					3
perating Expenses			• ' '		3
Operation		0	<u>- '</u> .	3.	3
Maintenance			•		. 3
Provision for Retirements Taxes—Federal					. 0
				•	3
Taxes—State and Other			•	٠.	. 4
	•		<u> </u>		
otal-Expenses		/			4
et Revenue—Non-Utility		١.			4
					-4
	. 12 Months Ended			-	4
ross Revenue—Non, Utility Gasoline	10C	· · · · · · · · · · · · · · · · · · ·	-	- man	4
Appliance	11C	397 09	27 00	7.3	4
Farm:	12				- 4
Shop and Jobbing	12	266 65	257 65		
Miscellaneous	12		_	• • •	
Garage	13	- Carolina		:	
	•	6 4			
			*, ;		
otal Revenue—Non-Utility		663 74	€ 284 65	75.1	
		1.			
		462 39	234 02	102.5	
Operation is		h.	*,		
Operation Maintenance		,		•	
Operation Maintenance Provision for Retirements		. = "	•	1. =	
Operation Maintenance Provision for Retirements Taxes—Federal		· = (and the same of th		
Operation Maintenance Provision for Retirements				7 =	
Operation Maintenance Provision for Retirements Taxes—Federal Taxes—State and Other		400.20	024.00	100.5	
Operation Maintenance Provision for Retirements Taxes—Federal Taxes—State and Other Otal Expenses		462 39	234 02	102.5	
Maintenance Provision for Retirements Taxes—Federal Taxes—State and Other		462 39 201 35 (A)	234 02 50 63	102 5 33 6 (D)	

Columbia System Indiana Gas Distribution Corporation

Appliance 11-A

1 Month Ended December 31, 1941

Acc't		Amount	Percent of Net	Increase C Previous		
No.		Amount	Sales	Amount	Percent	F 4
	Gross Sales			0,		. 1 .
1901 9102	Merchandise Sales—Electric Merchandise Sales—Gas	189 00	133.3	+355 75	+65 3	2
1903	Merchandise Sales—Miscellancous	159 00	130.3	. 999 19	00 0	4
1904	Fixture and Wiring Sales				* **	5.
1905	Jobbing Work Sales	_		+18.00	+100.0	6
	Total Gross Sales	189-00	133.3	+373 75	*66.4	7
1911-2-3		100 00 3				8
1911-2-3	Discounts and Allowances	47 25	33 3	47.25	_	9
	Total Deductions	47 25 •	° 33 3	47 25	·	10
,	Total Net Sales	141-75	100.0	*421 00	+74.8	11
	Cost of Sales	•				12
9001-2-3	Cost of Merchandise Sales	125 52	88.5	+ 199.16	*60 2	13
9004	Cost of Fixture and Wiring Sales	eren.		-	Mari	. 14 -
9005	Cost of Jobbing Sales		2	+ 5 05	*100.0	15
9011-2-3			-	-		16
9016	Inward Freight and Drayage	11 47	8.1	7 43	183.9	17
9018-20	Merchandise Installation	43 74	30.9	+28 35	+39 3	18
9022	Merchandise Reconditioning	-				19
9024	Warehouse Expenses	4 86	3.4	*+2 72	, +35.9	20
9026	Inventory Adjustments			Manu	1	21
	Total Cost Of Sales	185 59	130.9	+218 85	*54.1	22
	Gross Profit	+13 84	*30.9	+202 15	+127.7	23
	Selling Expenses			A COLUMN TO THE PARTY OF THE PA	*	24
9031	Salaries			. 0		. 25
9032.	Commissions	The second second		2	- Contract	26
9033	Advertising and Demonstration	+ #				27
9034	Delivery Expenses		· ·	+45	*100.0	28
9035	Servicing Guaranteed Appliances.	2 68	1.9	1 82	211 6	29
9036	Miscellaneous	· · ·		- /	quad	30
/				· / .		31
					14	32
	Total Selling Expenses	2 68	1:9	1 37	104 -6	33
	Customers Accounting & Collecting Exp.					34
9041	Credit Investigation .	**				35
9042	Billing and Accounting	1 49	11	*10	+6.3	36
9043	Collecting Expenses		. –		. 7	37
9044	Rents—Billing Equipment					38
9045	Uncollectible Accounts	g 1 42	1.0	+4 21	·+74.8	39
9048	Miscellaneous		• •			40
9098	Earned Carrying Charges—Credit			-	4000hus	41
•		•				42
	Total Cust's, Acctg. & Collect'g, Exp.	2 91	1/2:1	• • 4 31	+59.7	43
	Administrative & General Expenses	//	1	127	* . *	44
9060	General Officers Salaries and Expenses	1		* *		45
9064	General Office Enployee's Salaries and Expenses					46
9067	General Office Supplies and Expenses					47
9068	Management & Supervision Fees & Expenses					48.
9069	Buying Expenses		- /			49
9070	Rent, Light and Heat		. /	/	-	50
9077	Insurance			• - /	4	51
9079	Injuries and Damages				/	52
9081	Employees Welfare Expenses				-	53
9082	Rents—Accounting Equipment		0	0		54
9085	Miscellaneous					55
			- : 1			56

1904 1905	Fixture and Wiring Sales Jobbing Work Sales	-	. ·	+18 00	+100.0	-5
1905		· · · · · · · · · · · · · · · · · · ·				6
	Total Gross Sales	189 00	133.3	+373 75	*66.4	7
1911 -2-3 1918 .	Less: Merchandise Returns Discounts and Allowances	47.25	33 3	17 95	- mod-2	: 8
1919				47 25		9
	Total Deductions	47 25	33.3	47 25	- 66	10
	Total Net Sales	141, 75	100.0	+421 00	*74.8	11
0001-2-3	Cost of Sales Cost of Merchandise Sales	125 52	88.5	*190:16	+60.2	12
9004	Cost of Fixture and Wiring Sales	120 02	33.3	-199.10	- 00.2	14
9005	Cost of Jobbing Sales	• •		+5 05	+100.0	1,5
0011-2-3	Cost of Merchandise Returned		1		100.0	16
016 018–20	Inward Freight and Drayage Merchandise Installation	11 47	\$ 1	7 43	100.0	. 17
022	Merchandise Reconditioning	43 74	39.9	+28 35	+39.3	18
0024	Warehouse Expenses	4 86	3.4	+2 72	+35.	19 20
9026	Inventory Adjustments	4 60	•	- 12	30.	21
	Total Cost Of Sales	185 59	130.9	+218 85	+54.1	22
	Gross Profit	+43 84	+30.9	+202 15	+127.7	23
	· · · · · · · · · · · · · · · · · · ·	43 64 .	30.9	202 10	121 1	
031	Selling Expenses Salaries					24 25
032	Commissions					26
033	Advertising and Demonstration					27
034	Delivery Expenses		_	+45	+100:0	28
035	Servicing Guaranteed Appliances	2 68	1.9.	1 82	2/1 6	29
036	Miscellaneous	49.00	-	· more		30
	. 0	•				31
		0		4 6		32
	Tota! Selling Expenses	2 68	1:9	1 37	1016	33
	Customers Accounting & Collecting Exp.	e *				34
041 "	Credit Investigation					35
042	Billing and Accounting	1 49	1.1	*10	*6.3-	. 36
043	Collecting Expenses	-		•	• •	37
044	Rents—Billing Equipment	_				38
045	Uncollectible Accounts	J 12	1.0	+4 21	+74.8	39
048	Miscellaneous	\				40
098	Earned Carrying Charges—Credit		-	-	mon-	41
,		. ,				42
	Total Cust's, Acctg. & Collect'g, Exp.	. 2 91	2.1	+4 31	+59.7	43
	Administrative & General Expenses		•			44
060	General Officers Salaries and Expenses			•		. 45
064	General Office Enployee's Salaries and Expenses					46
067 0	General Office Supplies and Expenses		0	-		47
068	Management & Supervision Fees & Expenses	A 1		• '	· ·	48
069	Buying Expenses		=' :. **		4 .	49
070	Rent, Light and Heat			1		50
077	Insurance					51
079	Injuries and Damages					- 52
081	Employees Welfare Expenses		2.			53
082	Rents-Accounting Equipment		, : `			54
085	Miscellaneous		• 1			55
5 *				1		.56
MALE MALE AND A STATE OF	Total Admin. & General Expenses	-	* **			.57
0	Total Operation	5 59	4.0	+2 94	+34.5	
000		9 99	4.0	2 94	34 3	58
090	Provision for Retirements	1,0				59
090	Taxes—Federal				-	60
097	Taxes—State and Other	•		-5.		. 61
4. 1	Total Expenses	5 59	4 0	*2 94	+34.5	62
	and the state of t					-

t 266.)

Columbia System
Indiana Gas Distribution Corporation

Appliance 11-0

		12 Months	Ended Decemb	ber 31, 1941	
			Increase	Over .	
	-47	Percent	Previous	Year	
/Ace't	Amount	of Net)
No.		Sales	Amount	Percent	-
Gross Sales Morchandise Sales—Electric	1				. 1
			_	-	2
902 Merchandise Sales Gas	4.118 70	121.1	+704.38	+14.6	3.
1903 Merchandise Sales Miscellaneous			—		4 -
1904 Fixture and Wiring Sales		4 -			. 5
1905 Jobbing Work Sales	1 00		+17 00	. *94.4	6
Total Gross Sales	4 119 70	² 121.1.	*721 38 *	• •14.9	7
1911-2-3 Less: Merchandise Returns Discounts and Allowances	4 20	.1	11 36	-	8 ,
1818 Discounts and Allowances	714 62	21.0	701.21		9
Total Deductions	718 82	21.1	712 57		10
Total Net Sales	3 400 88	100.0	+1 433 95	+29.7	11_
Cost Of Sales			. "	-\	13
9001-2-3 Cost of Mgrchandise Sales	2 257 63	66.4	+1 507 14	+40.20	. 13
9004" Cost-of Fixture and Wiring Sales				*	14
9005 Cost of Jobbing Sales			+15 76	*100 0	15
9011-2-3 Cost of Merchandise Returned	4 20	• 1	+4 20	100 0	16
9016 Inward Freight and Drayage	47 58	1.4	*45 72	*49.0	17
	654 67	19-2	68 63.	11.7	18
· · · · · · · · · · · · · · · · · · ·	6 25	. 2	*12	*66.1	19 .
9024 Warehouse Expenses	41 86	1.2	55 40	draws	- 20
9026 Inventory Adjustments	4.				21
Total Cost Of Sales	3 003 79	88.3	*1 460 95	*32.7	22
Gross Profit	397-09	11.7	27 00	7.3	23
Selling Expenses					24
9031 Salaries					25
9032 Commissions	-83 00	2.4	83-00	•	26
9033 Advertising and Demonstration	4 50	. 1	4 50		27
9034 Delivery Expenses	1 45	1	+76	· +34.4	28 -
9035 Servicing Guaranteed Appliances	41 64	1.2	+67 95	+62 0	29
9036 Miscellaneous	2 07	1	2 07		30
9					31
					32
. Total Selling Expenses	132 66	• 3.9.	20 88	18.7	33
Customers Accounting & Collecting Exp.					34
9041 Credit Investigation		-	-	-	35
9042 Billing and Accounting	16 96		+43 22	*71.8	36
9043 Collecting Expenses	3 12	1.	27	9.5	37-
9044 Rents Billing Equipment	1				38
9045 Uncollectible Accounts	34 39	1.0	*14:29	*29.4	39
9048 Miscellaneous	36	1,0	*36	*50.0	40
9098 Earned Carrying Charges—Credit	30		30	30 0	41
trained Carrying Charges Credit					
					42
Total Cust's Acctg. & Collect'g. Exp.	A 54 83	1.6	*57 60	+51.2	43
Administrative & General Expenses					4.1
9060 General Officers Salaries and Expenses			2		45
9064 General Office Employee's Salaries and Expenses					46
9067 General Office Supplies and Expenses					47
9068 Management & Supervision Fees & Expe.	0		2		48
9069 Baying Expenses	÷ :				49
9070 Rent, Light and Heat		/		. /	50
0077 Insurance		1			51
9079 Injuries and Damages .		-			52
9081 Employees Welfare E. penses					53 /
9082 Reats—Accounting Equipment		•			
9085 Miscellaneous	-2 , .			e	54
Miscellaneous //		1			55
- Company	/			• .	56
Total Admin. & General Expenses				7 7 7	57
Total Operation	187 49	5.5	*36 74 /	+16.4	58
9090 Provision for Retirements	. /	/			9.5

			. omes	Amount	a ercent	
and the same specimens	Gross Sales	•			The second secon	.1
901	Merchandise Sales Electric		d was	·	Apr.	^2
902	Merchandise Sales Gas	4 118 70	121 1	*704 38	+14 6	3
003	Merchandise Sales-Miscellaneous			1	· Santa	4
04	Fixture and Wiring Sales	1.20	/	1	• •	5
05	Jobbing Work Sales	1 00:	-	*17 00	*94.4	. 6
			101 1		#11 0 ·	-
	Total Gross Sales	4 119 70	121.1	. +721 38	714 9	. 6
11-2-3	Less: Merchandise Returns	× 4 20	1	11 36		8
18	· Discounts and Allowances	714.62	21.0	701.21		9
			The second second	719 57		10
	Total Deductions	718 82	21 1	712 57	******	10.
A. S.	Total Net Sales	3 400 88	100.0	+1 433 95	+29.7	11.
:	00(0.1					12
01. 0 3	Cost Of Sales	2 257 63	66.4	+1.507 14	\$40.0°	13
01-2-3	Cost of Merchandise Sales Cost-of Fixture and Wiring Sales	2 201 00	00.4 1	1,307 14	- 30.0	14
04 05	Cost of Johnson Color		de	+15 76	. +100 0	15
11-2-3		+4 20	7.	†4 20		16
16-	Conf Merchandise Returned Inway Weight and Drayage	47 58	1.4	+45 72	+49.0	17
18-20	Merchandise Installation	654 67.	19.2	68 63	11.7	18
22 .	Merchandisc Reconditioning	6 25	. 2	+12 16	+06.1	19
24	Warehouse Expenses	41 86	1.2	55 40		20
26	Inventory Adjustments	, 50 CM3	17		*****	21
				The same that the superiors reconstruct and the same		
	Total Cost Of Sales	3 003 79	S 3	+1 460 95	+32.7	22
	Gross Profit	397, 09	11:7	27 00	7.3	23
	and the same of th					24
31 .	Selling Expenses Salaries	١				25
32		83 00	2.4	83 00		26
33	Commissions Advertising and Demonstration	4 50			•	27
34	Delivery Expenses	45	10 •	+76	*34.4	- 58
35	Servicing Guaranteed Appliances	11 64	1.2	+67 95	+62.0	29
36	Miscellaneous	2 07		2 07		30
4"	/ **	.7		4 01		31
	and the second s	ar -				32
		1		0		-
	Total Selling Expenses	132 66	3.9	20 86	18.7	33
•	Customers Accounting & Collecting Exp.					34
41	Credit Investigation			5 25		35
42	- Billing and Accounting	16 96	15	43 22	+7.1-8	36
43	Collecting Expenses	3 12	1	g	9.5	3,7
44	Rents Billing Equipment			1 2		.38
15	Uncollectible Accounts	34.39	1.0	3 14 29	29.4	.39
18.	Miscollaneous	36	-	+36	*50.0	40
98	Earned Carrying Charges—Credit	A material	All all and a second			41
				0		.42
	Total Cust's Acctg. & Collect'g. Exp.	54.83	1.6	+57 60	451 .2	43
-						
	Administrative & General Expenses	No.			0	44
60	General Officers Salaries and Expenses	Le .	- 63	n	*	45
64 :.	General Office Employee's Salaries and Expenses	. 0	•			46
57	General Office Supplies and Expenses	•		8	39	47
38	Management & Supervision Fees & Expenses					48
59	Buying Expenses					49
70	Rent Light and Heat			•	3	50.
77	Insurance		93		6 PART	4.51
79	Injuries and Damages	200			-	52
1	Employees Welfare Expenses		1	*		.53
5	Rents—Accounting Equipment Miscellantous	;	•			54 55
	anacenaneous (g		e, e, 4,		* *	56
1				32 1 10 1		00
	Total Admin. & General Expenses	-		Same Same		57
1	Total Orașatica	107:10	5.5	+36 74	÷16.4	58
00	Total Operation Provision for Retirements	186 49	0 0 0	30 74	10.4	59
96	Taxes—Federal	. 8.				60
77 .	Taxes - State and Other			2		- 61
1			D			01
A W.	Total Expenses	187 49	5.5	+36 74	16.4	62
	Net Operating Revenue - Appliance	209 60	6.2	63 74.	° = 4#27	63
	Operating the relide appliance		-			- 00
1		(A)	(B) · "	(C)	(D):	
			4			

		urrent Month Pr		To Date	Previous Ye		Previou		
	Gross Revenue—Farm Crops		•				,		
	Rents		•			5	:		
	Other Miscellaneous		/.	•				•	
				#4 ₁	٠ .				
	Total Revenue—Farm		· -					•-	
	Operating Expenses			7					
	Operation •						, , 1		٠
	Maintenance Other Miscelianeous Expense	20		4	•			•	
	Other Suscentaneous Expense						ni _g	•	
en	Total Operation And Maintenance		****						
			The state of the s			0			
	Total Operation Total Maintenance	1	•			3			
٠	Provision for Retirements		· Pr						
	Taxes-Federal		*S						
•	Taxes State and Other					•			. 43
	9		- 1 7		0				-
	Total Expenses					G			
0									
	Net Revenue—Farm	-				-	•		
			. :				**		
e						A.,		. *	
. *			and the same of th	• \ .			-	· .	
ŧ				•	*				
· ·	Gross Revenue—Shop And Jobbing, Misc.	•			7			t	÷
	Shop and Jobbing	ng 15 55 "	15 55			266 6	5	257 65	• .
	Miscellaneous	·	-	-6-		_			
		1			0	•		,	
	Total Revenue—Shop And Jobbing, Misc.	5 55	15 55		•	266 6	5	257 65	
	Operating Expenses	1	• .				. 4	Þ	
a	Operation	34 45	34, 45	•		274 9	0	270 76	
	Maintenance		3. 8					***	
•	Other Miscellaneous Expense		-	* * * .				-	
						· · · · ·			
		31.4	-			0,0		~	2
	Total Operation And Maintenance	34 45	§ 34 45	4 -	8.	274 9).	270 76	1
	.Total Operation	. 34 45	34 45			. 274 9	0	270 76	
	Total Maintenance	· · · · · · · · · ·				and the same of th		-	
	Provision for Retirements			•		0	. 0		
	Taxes—Federal Taxes—State and Other							-	
	Taxes State and Other								
-	Total Expenses	34 45	34 45			274 9		270 76	•
D	·			/	4	2.0		-20.0	
,	Net Revenue-Shop And Jobbing, Misc.	*18 90	*18.90			1 *82	5	•13 1i	
	, , , , , , , , , , , , , , , , , , , ,				The same of the same of the same of the same of		-		-

Columbia System
Indiana Gas Distribution Corporation

Other. Income 16

Month of December - 1941 Increase Over

VO		Detail on Page / Amount		e Over
0			Amount d	Percent
		Month Of December		
,	Interest			
971	Inter-Company-This Group			
972	Inter-Company-Other Groups	1,0258		
973	Others	10		
	in a liberary in the second se			
	Total Interest	6		
	Dividends	9		
76	Inter-Company—This Group	.0	. ,	
77	Inter-Company-Other Groups			9
78	Others	•		
	Total Dividends	-2 6		
	the second of th			·
	Miscellaneous		*	1.
81	Revenues from Sinking & Other Funds Earned Carrying Charges			
83	Others	2 62	41	18.6
	· Others			
-	*	9		• •
	Total Miscellaneous	2 62	41.	18.6
	The second secon			-
	***	•		
	Total Other Income	2 62	410	18.6
			8 2	
		Months Ended	1,	
T.	Interest:			
1	Inter-Company—This Group	9.0		
72	Inter-Company - Other Groups		8	
73	Others		10.	
	The second of th	V.	3	9
1.0	Total Interest			
	Dividends	de.	# I .	
6.	Inter-Company This Group		*	
7	-Inter-Company - Other Groups			
8	Others • .			\
	Total Dividends		1	P .
,				
	Miscellaneous			
	Revenues from Sinking & Other Funds		•	
2	Revenues from Sinking & Other Funds & Earned Carrying Charges		•	3
2	Revenues from Sinking & Other Funds	3		
2	Revenues from Sinking & Other Funds & Earned Carrying Charges	ė.		
2	Revenues from Sinking & Other Funds & Earned Carrying Charges	ė.		
2	Revenues from Sinking & Other Funds & Earned Carrying Charges Others	ė .		
2	Revenues from Sinking & Other Funds © Earned Carrying Charges Others Total Miscellaneous	o .	ò	3333
2	Revenues from Sinking & Other Funds & Earned Carrying Charges Others	o o		3333
2	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome			3
2	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome	oths Ended December 31		3 3 4 4 4 4 4
3	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome	ths Ended December 31		333334444444444444444444444444444444444
Ir	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome 12 Mon nterest Inter-Company—This Group	oths Ended December 31		33 34 4 4 4 4 4 4 4 4 4
Ir	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome 12 Mon nterest Inter-Company—This Group Inter-Company—Other Groups	oths Ended December 31		3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
Ir	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome 12 Mon nterest Inter-Company—This Group	oths Ended December 31	<u></u>	3 3 3 4 4 4 4 4
Ir	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome 12 Mon nterest Inter-Company—This Group Inter-Company—Other Groups	oths Ended December 31		3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
]]	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome 12 Mon nterest Inter-Company—This Group Inter-Company—Other Groups Others Total Interest		<u></u>	3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
Ir	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome 12 Mon nterest Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends			3 3 3 4 4 4 4 4 4 4 100 0 4 4 100 0 4
Ir	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome 12 Mon nterest Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—This Group			3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
Ir	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome 12 Mon nterest Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Infer-Company—This Group Inter-Company—Other Groups Others Total Interest			3 3 3 4 4 4 4 4 4 4 4 4 4 4 100.0 4 5 5 5 5
	Revenues from Sinking & Other Funds Earned Carrying Charges Others Total Miscellaneous Total Other Lucome 12 Mon nterest Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—This Group			3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4

1971 = 1972	Inter-Company—This Group Inter-Company—Other Groups									
1973	Others Total Interest			,		/				. 1
	The state of the s						V3		Arriage ,	
1976	Dividends Inter-Company—This Group	ñ.	/						•	
1977	Inter-Company-Other Groups			• _						- 1
1978	Others &									÷ 1
	The state of the s	•		•		·	* (1
	Total Dividends			1 .		products of the state of the st	A CONTRACTOR OF THE PARTY OF TH		-	
1981	Miscellaneous Revenues from Sinking & Other	L.	1 /	1	4					0
1982	Earned Carrying Charges	t minis	1		2 62	1 1 1		41	18.6	1
1983	Others	ge.	0.	ě	1	• • • • • • • • • • • • • • • • • • • •	Ť			1
				0 .				15	til a	1
	Total Miscellaneous	- : .	.0		2 62	,		41-	18.6	, 1
ъ	•							. 0		2
	Total Other Income	O'			2 62			41	18.6	2
	W N		. 10			3				. 2
-			Months l	Ended .					. (0)	2
971.	Interest Inter-Company—This Group			•		e ·				2
972	Inter-Company—Other Groups	•	(.	- 1	· 18			1		2
973	Others		5	18	409	(2)				2
1 -	Total Interest		.100	•			1			2
4	Dividends		0	T				•		- 2
976	Inter-Company - This Group					* * *			1	5
977 978	Inter-Company—Other Groups Others									. 5
	Control of								٠	
	· ·	2								
	Total Dividends	.0								r construction
	Total Dividends	.5				20.35		a .		3
181	Miscellaneous	unds				29 33	•	zı *	•	3
082	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges	· · · · · · · · · · · · · · · · · · ·			٠٠,	200		a	•	3
82	Miscellaneous Revenues from Sinking & Other I	°unds			♦ 1,	2.35		- 23		
82	Miscellaneous Revenues from Sinking & Other I Earned Carrying Charges Others	unds			• • • • • • • • • • • • • • • • • • •	2.30	0	a a		
82	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others	unds			♦ 324		0			20 00 00 00
82 83	Miscellaneous Revenues from Sinking & Other I Earned Carrying Charges Others Total Miscellaneous	unds	• 92		• • • • • • • • • • • • • • • • • • • •	> 39	0		•	3 3 3 4
82 83	Miscellaneous Revenues from Sinking & Other I Earned Carrying Charges Others Total Miscellaneous Total Other Income	unds		75	♦ 3.,	2	0			3 3 3 3 4 4
82 83	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous	1				2	0	2		3 3 3 3 4 4 4 4 4 4 4
182 183	Miscellaneous Revenues from Sinking & Other I Earned Carrying Charges Others Total Miscellaneous Total Other Income	1	ths Ended							3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
082 083	Miscellaneous Revenues from Sinking & Other I Earned Carrying Charges Others Total Miscellaneous Total Other Income	1				Js.				3 3 3 3 3 4 4 4 4 4 4 4
162 183 171 72	Miscellaneous Revenues from Sinking & Other I Earned Carrying Charges Others Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups	1			or 3!	» »				3 3 3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4
82 83 10 71 72	Miscellaneous Revenues from Sinking & Other I Earned Carrying Charges Others Total Miscellaneous Total Other Income	1			or 3!		•	36	100.0	3 3 3 3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4
162 183 171 72	Miscellaneous Revenues from Sinking & Other I Earned Carrying Charges Others Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups	1			or 3!		•		100.0	3 3 3 3 3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 4
162. 163 163 163 163 163 163 163 163 163 163	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends	1			or 3!	34			-	3 3 3 3 3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 4
82. 83 11 71 72 73	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—This Group	1			or 3!				100.0	3 3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
82. 83 71 72 73	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—Other Groups Inter-Company—Other Groups	1			or 3!				100.0	3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
82. 83 71 72 73	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—This Group	1			or 3!				100.0	3 3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
162. 163 163 171 72 73	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Other Income Inter-Company—This Croup Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—This Group Inter-Company—Other Groups Others Others	1			or 3!				100.0	3 3 3 3 3 3 3 3 3 3 4 4 4 4 4 4 4 4 4 4
10 10 17 17 17 17 17 17 17 17 17 17 17 17 17	Miscellaneous Revenues from Sinking & Other I Earned Carrying Charges Others Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—Other Groups Others Total Dividends Inter-Company—Other Groups Others Total Dividends Others	1			or 3!				100.0	3 3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 5 5 5 5
162. 163. 163. 171. 72. 73.	Miscellaneous Revenues from Sinking & Other I Earned Carrying Charges Others Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—Other Groups Others Total Dividends Miscellaneous	12 Mon			or 3!				100.0	3 3 3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 5 5 5 5
162 163 171 71 72 73 76 77 78	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—Other Groups Others Total Dividends Others Total Dividends Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges	12 Mon			or 3!		• • • • • • • • • • • • • • • • • • • •	36	100.0	3 3 3 3 3 3 3 3 3 3 4 4 4 4 4 4 4 4 4 4
82. 83. 71. 72. 73. 76. 77. 78.	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—Other Groups Others Total Dividends Revenues from Sinking & Other F	12 Mon			**************************************			36	100.0	3 3 3 3 4 4 4 4 4 4 4 4 4 5 5 5 5 5 5 5
82. 83. 71. 72. 73. 76. 77. 78.	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—Other Groups Others Total Dividends Miscellaneous Revenues from Sinking & Other F Earnest Carrying F harges Others	12 Mon			29 40		13 I 125 (36	100.0	3 3 3 3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4
162 163 171 771 772 773 176 777 78	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—Other Groups Others Total Dividends Others Total Dividends Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges	12 Mon			**************************************		13 I 125 (36	\$0.7 100.0	3 3 3 3 3 4 4 4 4 4 4 4 4 4 5 5 5 5 5 5
162 163 171 771 772 773 176 777 78	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—Other Groups Others Total Dividends Miscellaneous Revenues from Sinking & Other F Earnest Carrying F harges Others	12 Mon			29 40		13 1 +25 0	36 ·	\$0.7 100.0	3 3 3 3 4 4 4 4 4 4 4 4 5 5 5 5 5 5 6
162 183 171 772 773 176 777 778	Miscellaneous Revenues from Sinking & Other F Earned Carrying Charges Others Total Miscellaneous Total Miscellaneous Total Other Income Inter-Company—This Group Inter-Company—Other Groups Others Total Interest Dividends Inter-Company—Other Groups Others Total Dividends Miscellaneous Revenues from Sinking & Other F Earnest Carrying F harges Others	12 Mon			29 40		13 I 125 (36	\$0.7 100.0	33 33 33 33 34 44 44 44 44 44 44 45 55 55 55 55 56 66 66 66

Columbia System .
Instiana Gas Distribution Corporation

Other Deductions 17

Month of December - 1041

Increase Over Previous Year

ce t No:	Detail	A.	Previous	Year
	on Page	Amount	Amount	Percent
	Month of Decembe	r		
	Interest ©		•	
571 572	Bonds Miscellaneous Long Term Debt		•	
573	Inter-Co. Notes & Loans—This Group			
574	Other Groups 24-A	705 00		• -
575	Other-Customers Deposits, Etc. 24-A	7 43	2 55	52 3
				10
7	Total Interest .	712 43	2 55	4 1
. 0	Amortization—Debt Discount And Expense	• -		- 1:
V	Total Fixed Charges	712 43	2 55	4 1
583	Miscellaneous Deductions	6 00	*5 00	*45.5 . 1
585	Preferred Dividends of Subsidiaries	0.00	300	- 1
586	Rent for Lease of Utility Plant		_ 6	- 1
4				i
7	Total Other Deductions	718 43	+2 45	+.3 1
587. ₃ I	Less: Interest Charged to Construction—Credit	-		- 1
				. 2
-0;	Net Deductions From Income	718 43	*2 45	* 3. 2
				2
	Months Ended			. 2
1	Interest			2
571	Donas			2
572	Miscellaneous Long Term Debt			. 2
573	Inter-Co. Notes & Loans - This Group			2
574 575 :	Other Customers Deposits, Etc.			2
313	Other Customers Deposits, Etc.		10.1	3
4		· · · · · · · · · · · · · · · · · · ·		3
7	Total Interest	100		3
	Amortization Debt Discount and Expense			
	Total Fixed Charges	*		•
583	Miscellaneous Deductions	•		
585	Preferred Dividends of Subsidiaries			
586	Rent for Lease of Utility Plant			
		,		
	Total Other Deductions	*)	
	Less: Interest Charged to Construction—Credit			
		•		
11:	Net Deductions From Income		•	4
		•		
	in the state of the state of	L 21		
	12 Months Ended Decem	aber 31		4
-	Interest	nber 31		4
571 .	Interest Bonds	aber 31	2	2
571 572	Interest Bonds Miscellaneous Long Term Debt	aber 31	3 =	•
-	Interest Bonds	8, 460'00	3	4

•	M	onth of Decembe	er /	0		•	. 2
			· · · · · · · · · · · · · · · · · · ·	7 4			. 9
9571	Interest Bonds				14.00		4
9572	Miscellaneous Log, Term Debt	,	-		-		5
9573	Inter-Co. Notes & Loans-This Group	3.8	***		-		37
9574	" " " Other Groups	24-A	705 00		****	-	7.
9575 .	Other-Customers Deposits, Etc.	24-A	7 43.		2 55	52.3	8
	egs.		/			4	(9)
		. 0	1		• 1	* .	104
	Total Interest		712 45		2 55	4	11.
o Fina							
9580	Amortization Debt Discount And Expense			8		-	12
	Total Fixed Charges	9 23	712 43		2 55 -	4 .	13
Ores 1	Miscellaneous Deductions		6 005		+5 00	+45.5	14
9583 9585	Preferred Dividends of Subsidiaries		0 100		3 00		15
9586	Rent for Lease of Utility Plant			A .		*****	16
			60	• • • • • • • • • • • • • • • • • • • •			17-
in the second	m. Lou P. L.		710 40		+2 45	. +:3	18
g ⁽⁷	Total Other Deductions	• •	718 43		2.40		10
9587	Less: Interest Charged to Construction-Credi	t			- :	-	19
			1.				20.
	Net Deductions From Income		718 43		+2 45	+ 3	21
2	A Peddetions From Theome		110 10				
1 8							22
		Months Ended			. 4		23
۵	Interest						24 5
9571	Bonds	:	9.				-25
2572	M scellaneous Long Term Debt .				**	·	26
9573	Inter Co. Notes & Loans - This Group			*			27
9574	1 " - " " -Other Groups						28
9575	Other-Customers Deposits, Etc.						29
							36
			1	9		-	
	Total Interest	* 65				•	32
9580	Amortization—Debt Discount-and Expense		- Q				33
		- 4				-	
	Total Fixed Charges	10.1	. 60	#			34
9583	Mescellaneous Deductions	* "		-			35
9585	Preferred Dividends of Subsidiaries			1	•	\$	36
9586	Rent for Lease of Utility Plant					•	37
			Age 200 to			• /	38
	Total Other Deductions	· · · · · · · · · · · · · · · · · · ·			. * .	•	39
1000		1-0				•	10
9587	Less: Interest Charged to Construction-Cred	II.		* **			40
				• • 54			
	Net Deductions From Income						42
		3			•	7	43
1.0	12.Mor	nths Ended Decer	mber 31	0.		A	44
							4.
	Interest			1.1			45
9571	Bonds Miscellaneous Long Term Debt		. •				47
9572	Inter-Co. Notes & Loans—This Group					-	48
0573	- Other Groups	- 24-A 8	8 460 00			a continue	49
95 5	Other Customers Deposits, Etc.	24-A	73 44	1	25 02	51.7	50
1						•	51 .
. 1		•	. 9	*	9:-1.	0 \$	52.
	19 2 - 1 T-4		8 533 44		25 02		. 52
	Total Interest		O 000 44 /		0		53
9580	Amortization - Debt Discount And Expense				-		54
	Total Fixed Charges		8 533 44	*	25 02	3	55
- 4				•			
9583	Miscellaneous Deductions		17 63		1 63	10.2	
	Preferred Dividends of Subsidiaries Rent for Lease of Utility Plant		entered .		400 mg	Parties	57/ 58
9585	Rent for Lease of Littity Plant	1.	5 50		-	· · · · · · · · · · · · · · · · · · ·	59
9 5 85 9 5 86	Telli and Telli				4	4. , 4	00
	Total Other Deductions		8 551 07		26 65	.3	60
9586	Total Other Deductions	dit	8 551 07		26 65	.3	
		dit	8 551 07		26 65	.3	61 O
9586	Total Other Deductions Less: Interest Charged to Construction—Cree	dit	- '		Ŋ.		61 G 62 9
9586	Total Other Deductions	dit	8 551 07 8 551 07		26 65 26 65	3	61 G 62 9

Columbia System

	Columbia System	
	Indiana-Gas Distribution Corporation	Surplus 18
Corrected Copy		12 Months Ended December 31, 194
	Detail	
	on Page	1
	Earned Surplus Since December 31, 1937	
ance January I, 1941	Larged Surplus Since December 51, 1357	x x x x x x x x x x 2 848 86
		2040 00
redits:		
	ec. 31, 1941 As Shown by Income Statement	23 280 04
Profit from Sale of Investments †		
Other Credits †		1 556 02
Total o		XXXXXXXXX 27 684 92
)		
Debita:		
Deficit 12 Months Ended Dec. 31	, 19fl As Shown by Income Statement	
	red Stock-Cum. 6% Series A-C.G.& E. Corp.	
	red Stock-Cum. 5% Series-C.G.& E. Corp.	
	ence Stock CumC. G. & E. Corp.	. IX
Dividend Appropriations-	and the second second	
Dividend Appropriations Comm	on Stock †	20 708 35
Loss from Sale of Investments †		
Investments Written Down or Wi		
Surplus Appropriated to Reserves	1	
Other Debits †		2
Total Debits		x x x x x x x x x x 20 708 35
alance 0		6 976 57
Show Detail:		
redita:		
Other Credits		
. Excess Accrual for Federal Tax	es for the Year 1940	.1 278 28
Federal Income Tax .	\$ 376.85	
Federal Excess Profits Tax .	901 43	
6.0	***	
4. (-0.0	\$1,278.28	
Final Distribution from Liquida	tion of Columbia	
System Protection Fund	\$ 416.95	1
Less: Provision for Federal Inc		
- Exess Profits Taxes	139 21	277 74
		1 556 02
ebits:		
	on Stock	
Dividend Apprepriations—Comm.		the same of the sa
		4
Declared June 23, 1941, Payable	June 27, 1941 to	10 708 35
Declared June 23, 1944, Payable Shareholders as of record Jun	e June 27, 1941 to e 25, 1941	10 708 35
Shareholders as of record Jun Total Dividend- A Shares @ 1	e June 27, 1941 to e 25, 1941	10 708 35
Declared June 23, 1944, Payable Shareholders as of record Jun Total Dividend - 40 Shares @ 1 Charged to	e June 27, 1941 to e 25, 1941 \$1,000 per share \$20,000 00	10 708 35
Declared June 23, 1944, Payable Shareholders as of record Jun Total Dividend—20 Shares @ 3 Charged to: Earned Surplus Prior to Jan	e June 27, 1941 to e 25, 1941/ \$1,000 per share \$20,000 00- nuary 1, 1938	10 708 35
Declared June 23, 1944, Payable Shareholders as of record Jun Total Dividend - 20 Shares @ 1 Charged to:	e June 27, 1941 to e 25, 1941/ \$1,000 per share \$20,000 00- nuary 1, 1938	10 708 35
Declared June 23, 1944, Payable Shareholders as of record Jun Total Dividend— 40 Shares @ 4 Charged to: Earned Surplus Prior to Jan	e June 27, 1941 to e 25, 1941 \$1,000 per share \$20,000 00 muary 1, 1938 : \$ 9,291 65 mber 31, 1937 : 10,708 35	10 708 35
Declared June 23, 1944, Payable Shareholders as of record Jun Total Dividend- 20 Shares @ 1 Charged to: Earned Surplus Prior to Jan Earned Surplus Since Decen	e June 27, 1941 to e 25, 1941 \$1,000 per share \$20,000 00 nuary 1, 1938	10 708 35
Declared June 23, 1944, Payable Shareholders as of record Jun Total Dividend 20 Shares @ 1 Charged to: Earned Surplus Prior to Jar Earned Surplus Since December 19, 1941,	e June 27, 1941 to e 25, 1941 \$1,000 per share \$20,000 00 muary 1, 1938	10 708 35
Declared June 23, 1944, Psyable Shareholders as of record Jun Total Dividend—20 Shares @ 1 Charged to: Earned Surplus Prior to Jan Earned Surplus Since Decen Declared December 19, 1941, to Shareholders as of record	e June 27, 1941 to e 25, 1941 \$1,000 per share \$20,000 00 muary 1, 1938	
Declared June 23, 1944, Payable Shareholders as of record Jun Total Dividend—20 Shares @ 4 Charged to: Earned Surplus Prior to Jar Earned Surplus Since Decen Declared December 19, 1941,	e June 27, 1941 to e 25, 1941 \$1,000 per share \$20,000 00 muary 1, 1938	10 708 35
Declared June 23, 1944, Psyable Shareholders as of record Jun Total Dividend—20 Shares @ 1 Charged to: Earned Surplus Prior to Jan Earned Surplus Since Decen Declared December 19, 1941, to Shareholders as of record	e June 27, 1941 to e 25, 1941 \$1,000 per share \$20,000 00 muary 1, 1938	

Columbia System Indiana Gas Distribution Corporation

Surplus 18A

*Corrected Copy

· 12 Months Ended December 31, 1941

on Page	
Special Capital Surplus	1 2
Balance—January 1, 19 xxxxxxxxxx —	3
Credits	4
.Debits:	5
	7.
	8
Balance	10
Surplus Prior To January 1, 1938	12 2
Balance—Surplus Prior To January 1, 1938 At January 1, 1941	13
Capital Surplus Prior To January 1, 1938	14
At Date Of Acquisition By C. G. & E. Corp. Balance—January-1, 19	. 15
Dalance—January-1, 19	16
Credita:	17 ⁶
Debits:	19
	20
Balance	22
Since Date Of Acquisition By C. G. & E. Corp.	23
Balance—January F, 19	24
Credits:	25
Debits:	26 27
	28 · 29
Balance	
	30
Balance—Capital Surplus Prior To January 1, 1938	31
Earned Surplus Prior To January 1, 1938	32
Balance Earned Surplus Prior To January 1, 1938 At January 1, 1941 x x x x x x x x x x x x x x x x x x x	. 33
At Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 19	34
Credits:	
	36
Debits	38 39
	40
	41
Balance— Since Date Of Acquisition By C. G. & E. Corp.	42
Balance—January 1, 1941 x x x x x x x x x x x x x x x x x x x	43
Credits:	45 /
Debits: 9 291 65	46
Dehits: 20-C 9 291 65	48
	49:
Balance	50
Balance—Earned Surplus Prior To January 1, 1938	51
Balance-Surplus Prior To January 1, 1938	52

Balance -	*****		10
Surplus Prior To January 1, 1938			11
Balànce—Surplus Prior To January 1, 1938 At January 1, 1941	* * * * * * * * * * *	9 291 65	13
Capital Surplus Prior To January 1;			14
At Date Of Acquisition By C. G. & E. Corp.	>		15
Balance January 1, 19	1x x x x x x x x x x	• . –	16
Credits:			17 18
Debits		•	19
			20 21
Bálance—	********	· _ · .	22
Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 19	x x x x x x x x x x x		23 24
	X X X X X X X X X X X X X X X X X X X	A .	
Credits			25 26
_Debita:		.ie 1	27 28
			29
Balance - G	xxxxxxxxx		30
Balance—Capital Surplus Prior To January 1, 1938	- TAXABARAKA		31
Earned Surplus Prior To January	and continued the same of the	3	32
Balance Earne Surplus Prior To January 1, 1938 At January 1, 1941		9 201 65	33
At Date Of Acquisition By C. G. & E. Corp.			.34
Balance—January 1, 19	* * * * * * * * * * *		35
Credits:			36 · 37
	•		38
Debits:	,	. •	39
		2	40
			40
Salance	****		42
Balance—Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941	******	9 291 65	
Since Date Of Acquisition By C. S. & E. Corp.		6 9 291 65	42 43
Salance—Since Date Of Acquisition By C. G. & E. Corp. Salance—January 1, 1941 Credits:	******		42 43 44 45 46
Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941 Credits:		9 291 65	42 43 44 45 46 47 48
Salance— Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20	******		42 43 44 45 46 47
Salance— Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20	******		42 43 44 45 46 47 48
Salance— Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20	C XXXXXXXXXX		42 43 44 45 46 47 48 49
Salance— Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20 Balance— Balance—Earned Surplus Prior To January 1, 1938	X X X X X X X X X X X X X X X X X X X		42 43 44 45 46 47 48 49 50
Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20 Balance—Earned Surplus Prior To January 1, 1938 Balance—Surplus Prior To January 1, 1938	**************************************		42 43 44 45 46 47 48 49 4, 50 51
Since Date Of Acquisition By C. S. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20 Balance—Earned Surplus Prior To January 1, 1938 Balance—Surplus Prior To January 1, 1938 Capital Surplus Since December 31,	X X X X X X X X X X X X X X X X X X X		42 43 44 45 46 47 48 49 50 51 52 53 54
Salance—Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20 Balance—Earned Surplus Prior To January 1, 1938 Balance—Surplus Prior To January 1, 1938 Capital Surplus Since December 31, Balance—January 1, 19	**************************************		42 43 44 45 46 47 48 49 4, 50 51
Since Date Of Acquisition By C. S. & E. Corp. Salance—January 1, 1941 Credits: Debits: 20 Salance—Earned Surplus Prior To January 1, 1938 Salance—Surplus Prior To January 1, 1938 Capital Surplus Since December 31,	X X X X X X X X X X X X X X X X X X X	9 291 65	42 43 44 45 46 47 48 49 50 51 52 53 54
Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20 Balance—Earned Surplus Prior To January 1, 1938 Balance—Surplus Prior To January 1, 1938 Capital Surplus Since December 31, Balance—January 1, 19 Credits:	X X X X X X X X X X X X X X X X X X X	9 291 65	42 43 44 45 46 47 48 49 4, 50 51 52 53 54 55 56 57 58
Salance—Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20 Balance—Earned Surplus Prior To January 1, 1938 Balance—Surplus Prior To January 1, 1938 Capital Surplus Since December 31, Balance—January 1, 19	X X X X X X X X X X X X X X X X X X X	9 291 65	42 43 44 45 46 47 48 49 4, 50 51 52 53 54 55 56 57 58 59 60
Since Date Of Acquisition By C. S. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20 Balance—Earned Surplus Prior To January 1, 1938 Balance—Surplus Prior To January 1, 1938 Capital Surplus Since December 31, Balance—January 1, 19 Credits:	X X X X X X X X X X X X X X X X X X X	9 291 65	42 43 44 45 46 47 48 49 50 51 52 53 54 55 55 57 58 59
Since Date Of Acquisition By C. G. & E. Corp. Balance—January 1, 1941 Credits: Debits: 20 Balance—Earned Surplus Prior To January 1, 1938 Balance—Surplus Prior To January 1, 1938 Capital Surplus Since December 31, Balance—January 1, 19 Credits:	X X X X X X X X X X X X X X X X X X X	9 291 65	42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61

	Donneit		xhibit 266.)			1
-	Description			,	0	1
Assets						1
	able—Other Groups		•		110 05	2
	tem Protection Fund	. /			416 95 5 40	,
Michigan Gas	Transmission Corpora	tion		•	3 40	•
Total, Pa	ge 1-A, Line 66		1			422 35
					. =	
	1 .					
rabilities		No. Original A	mount Date Du	ie Int. % A	mount	
Notes Payable	& Electric Corporation				5 000 00	
	& Electric Corporation				1 000 00	
Columbia Gas	a Electric Corporatio	1 3-10-1 1 000	00 12-1-07		. 555 55	
Total Pa	ge 2, Line 18			3		126 000 00
				- company of	- '	
Accounts Payab	le-This Group					
	l Gas Company					
	ge 2, Line 46	,			•	437 88
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Accounts Payab	le-Other Groups		e° .		* *	- 11
Unassigned	· Lea-		•	*		•
	as & Electric Corpora				15 000 00)
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Michigan G	as Transmission Corp	oration			27 045 21	
Takal Da	ge 2, Line 47	10				42 168 23
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Indiana Gas Distribution Corporation Columbia System Month of December - 1941 20-A

Defail Of Balance Sheet Accounts Inter-Company Accounts

. / Description		. 44	477
Description	·		
rent And Working Assets			
ccounts Receivable-Utility Service	. / 0	6.9	
Eiscal Closing Palance		34 437	82
Cash Receipts to Close of Month		4 888	
Calendar Closing Month, Page 1, Line	44		29 548 94
50		/0	
ccounts Receivable Appliances Current A	Accounts	1	
Straight Charge Accounts-Due Within 90		387	12
Delinquent Balance on Installment Account		\	
59		\ .	
Total, Page 1, Line 45		. \	387 12
			٠, ١٠ ١٤
ccounts Receivable-Appliances-Installme	nt Accounts		4
Due Per Terms of Contracts		cond Half Year Total	•
Year 1942	172 95	100 92 273	87
"• 1943 GS	32 10	32 10 64	A
1944	32 10	12 45 44	
			00 •
Total, Page 1, Line 46			382 62
0	•		* 302 02.
counts Receivable Other		•	0
Shop and Contract Work		26	25
Officers and Employees			
Officers and Employees		+24	
			60
Officers and Employees Total, Page 1, Line 47			
	C. C		60
	•		60
	•		60
			60
			60
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			60
			60
			60
			60
			60
			60
			1 75
Officers and Employees Total, Page 1, Line 47			60

Detail Of Balance Sheet Accounts Current And Working Assets

*Indicates red figures

Indiana Gas Distribution Corporation
Columbia System

Month of December - 1941 20-B

Dividend Appropriations—Common Stock Dividend of 20 Shares @ \$1,000 Per Share

Charged to

Earned Surplus Prior to January 1, 1938 Earned Surplus Since December 31, 1937

20 000 00 9 291 65

20 000 00

10 708 35

9 291 65

11 12 43

15 **1**6 17

9 291 65

-A, Line 47

(A)

(B)

(C)

44 45

[fol. 16663]	(Exhibi		Balance	Changes Dur	ing Month	
Acc't Title of Account and Description	Total Amount Rasis	Mos to Run	Beginning of Month	Debits	Credits	Balance End of Month
Current and Working Assets 33 Supplies—General Purchased Returns		, - 0	1 376 35	130 79 77 93		1 2 3 4
Total, Page 1, Line 53	6		1 376 35	208 72	408 14	5 6 1 176 93 7
Total, rage 1, Line 35	1 .		1 370 33.	200.12	0	8
38 Prepaid Accounts Insurance		Var.	. 152 01° ° 2 49	151 59	19 61 2 49	283-99, 10 0 - 11 · 12
Total, Page 1, Line 58			154 50	151 59	22 10	283 99 13
84 Deferred Debits Other Deferred Debits Inter-Company		0.	•			14 15 16 17
Total, Page 1, A Line 81				7 41		7 41 18
Current And Accrued Liabilities				~ .		19 20
	942) 940)	6 6	260 33 1 334 05	1. 334 05	52 17	312 50 22 - 23
Federal Income (1 Federal Unemployment Ins. (1	941) 941) 3% of Pay Roll		7 749 90 24 99		1 410 77 3 53	9 160 67 24
Property (1	941) 1.0% of Pay Roll 940)		15 40 107 57	-::/	11 79	27 19. 26 107 57 27
Indiana Gross Income (1 Indiana Unemployment Ins? (1	941) 4 900 00 941) 1 6% of Gross Receipt 941) 35% of Pay Roll 941)	-	4, 345 00 675 74 21 83 , \$2 120 43	. / 30-64	447 43 358 74 *18 15/ 52 70	4 761 79 28 1 034 48 29 3 68 30 2 172 83 31
Total, Page 2; Line 33	K		16 654 94	1 364 69	2 318 98	17 609 23 33
100	W. Len	• • •		\\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\		34
128 Accrued Interest Customers' Service Deposits Total, Page 2, 1 ine 34	6.0% Prev. Mos. Bal.		120 48	e54	7 43	35 36 127 37 37
		*			0	38 39 40 41
				6		42 43 44 45 46
Detail of Balance Sheet Accounts		(B)	· ·	, · · · ·	(P)	47°
*Indicates red figures:	(A)	(B)	(C)	(D)	(E)	(F).

*Indicates red figures: Current And Working Assets. Current And Accrued Liabilities

Indfana Gas Distribution Corporation Columbia System Month of December-1941 A-21

17 17 17 17 17 17 17 17	Service Deposits Including Interiory 17 N 18 17 N 18 18 18 18 18 18 18	Accit.	Title of Account and Description	Total Amount Basis	Mos. to Run	Beginning of Month	Debits Kredit	Fredits	Balance End of Month
17 17 17 17 17 17 17 17	17 18 18 18 18 18 18 18		Deferred Credits Unclaimed Customers' Service Deposits Inc	cluding Interest		2			
December	Table St. St		Total, Page 2, Line 58				17.78	. 27.78	
Total To	17 17 17 17 17 17 17 17		Other Deformed Credits Unearned Carrying Charges				0		
Continue	Continue		Total, Page 2, Line 59	}		.]	2 62		H
Continue	Construction Cons	i	Clearence And Contra Accounts Transportation Expense—Clearing						
Construent Colored C	Part	10	totalist total bases and the control of the control			22.2	8	267 25	ES .
Particulated Lafe 1727 12 25 50 08 310 12 25 20 0	Parish P	3	Reserves Retirement and Depletion						
Abrillation Reserves (p. 2-A, L. 76) 27 202 35 (888 40 78) 17 27 009 92 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 77 78 140 78 78 78 78 78 78 78 78 78 78 78 78 78	Despetion Reserves (D. 2-A, L. 76) 27 212 35 388 40 78 57 7 7 000 52 7 1 000 52		Property, and Plant Equipment Automobiles	2° of P. P. & E. · Estimated Life	3.	25 265 62	326 03	340 42 62 79	25 280 01
Abribetion Reserves (p. 2-A, L.76) 27 212 35 (988 40 77 77 77 1 900 00 1	Depletion Reserves (p. 2.A. L. 76) S SON		Total Less: Retirement Clearance Acct,			26 992 74	326 03 612 37	463 21 392 76	27 069 92
Light 77 Construction Construction Sand 78 Sand 78 Sand 79 Sand 78 Sand 79 San	Light 77 Construction S 800 78 S 807 75 S 807	. * 6	Net Retirement and Depletion Reserve	es (p. 2-A, L. 76)		27 212 35	938 40	79.5 97	- 27 069 92
Section Sect	Light 77 Construction Construc						P		
Construction Sample Samp	Contributions in Aid of Construction Total, Page 2-A, Lyne 20 Avernal 17 of Grays Appliance Avernal 17 of Net Total, Page 1, Line 19 Total, Page 1, Line 19 Total, Page 1, Line 19 Avernal 18 of Net (Lege 1	00 000 1		×2 00× 8		84.00	8 977 78
State Stat	Simple St Simp			. 19	•				
Acernal 17 of Grogs (23 23 29) Total Acernal 17 of Met (23 23 29) Acernal 17 of Net (23 23 29) Acernal 17 of Net (24 23 29) Acernal 17 of Net (24 23 29) Total (24 23 29) Total (25 24 29) (27 (27 (10) (10) (10) (10) (10) (10) (10) (10)	Acernal 1% of Gross (8.83 29) (8.83 29) (8.83 29) (8.83 29) (8.83 29) (8.83 29) (8.83 29) (8.83 29) (8.83 29) (9.83	. 4	Contributions in Aid of Construction Total: Page 2-A, Igne 79			3 530 00	5 00	00 07	3,600 00
Acertail 1% of Gross Acertail 1% of Gross Total Acertail 1% of Net (3 83 29) Acertail 1% of Net (3 83 29) Acertail 1% of Net (3 83 29) (3 83 29) (3 83 29) (3 83 29) (4 12	Acernal 17 of Gross Acernal 17 of Gross Total Recoveries Acernal 17 of Net (A) (B) (C) (D) (E) (F) Acernal 17 out a start button Carporation Acernal 17 of Net (A) (B) (C) (D) (E) (F) Columbia System Month of December 1941 21-18								
Acernal 17 of Gross (3 x33 29) (3 x53 29) Total (142 x3 30) Total (142 x3 30) Total (142 x3 30) Total (142 x3 30)	Acernal 1° of Grose (3.83.29) (3.857.29) Total Acernal 1° of Net (3.65) (3.83.29) Total Secoveries (3.90) Total (4) (B) (C) (D) (E) (F) Soft a Month of December 1941 21-18 Columbia System		Total, Page 2-1,			237 13		20 151	6NS 75
Acertal 1° of Gross (5, 3, 833 29) (3, 857 29) Total Recoveries (1, 1) (1) (2) (83 07) Total Recoveries (1, 1) (1) (2) (3, 1) (4) (5) (7) (7) (7) (7)	Accrual For Gross For a		Uncollectible Accounts						
Total Acernal 17, of Net Recoveries Total Total (A) (B) (C) (D) (E)	Total Accrual I's, of Net (1	les les		(3 KKS 29)			3 85; 29
Accreal 17, of Net (31 65)	Accraal 1% of Net (3 553 29			3 83 29
me 49 1.42 83 607	ne 49 1 42 83 07 1 42 83 07 1 42 3 93 95 95 1 42 3 93 95 95 95 95 1 42 3 93 95 95 95 95 95 95 95 95 95 95 95 95 95		٥	.1% of		31 65)		27/1	83 07
me 49 1 42 3 928 36 1 42 3 928 36 1 42 (F) (F) (F) (F)	ne 49 (A) (C) (D) (E) (F) Columbia System (A) System (B) (C) (D) (E) (P)	1.		•.		81 65		1 42	20 83
(A) (B) (C) (D) (F)	(A) (B) (C) (D) (F) (F) ontra Indiana Gas Distribution Corporation Month of December 1941 21-18	- 70 - 1	Total, Page 1, Line 49			3 934 94	1.	3	
(A) (B) (C) (D) (F)	(A) (C) (D) (E) (F) Indiana Gas Distribution Corporation Columbia System								
(A) (B) (C) (D) (F)	(A) (C) (D) (E) (F) contra Indiana Gas Distribution Corporation Month of December - 1941 21-18			•				60	•
(A) (B) (C) (D) (E) (F)	(A) (B) (C) (D) (E) (F) Ontra Indiana Gas Distribution Corporation Month of December - 1941 21-B					0.			
(A) (B) (C) (D) (E) (P)	ontra Indiana Gas Distribution Corporation Month of December - 1941 21-8	1						9	ý.
	ontra Indiana Gas Distribution Corporation . Month of December - 1941 21-B			(v)	(B)	(3)	ê	(E)	(F)

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't	Description	Current Month	Increase Over Previous Year.	Months To Date	Increase Over Previous Year	Twelve Meaths To Date	Increase Over Previous Year
	Gas Purchased—Other Groups Unassigned						
	Michigan Gas Transmission Corp.					. 9	
	Total, P. 4-30 & C, L. 18	27 037 80	+4 561 02 g			* 320 181 22	+15 540 48
	Other Deductions Interest—Other Groups	C .					
	Unassigned						
	Jumbia Gas & Electric Corp. (N.Y.)			.,	4.		
	Total, P. 17, L. 7 & 49	705.00				8 460 00 ,	2: 2: may
	3.4						٠
	Interest—Other Customers' Deposits		4				
	Total, P. 17, L. 8 & 50	7 43	2 55			73 44	25 02

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					en.		
		(A)	(B)	(C.)	• (D)	(E)	(F)

Inter-Company Earnings And Expenses Other Deductions

*Indicates red figures .

Columbia System

Month of December - 1941 24 A

Detail Of Income Accounts
Taxes
*Indicates red figures.

Indiana Gas Distribution Corporation Columbia System

(B)

(C) ··

Month of December - 1941 24-B.

(F)

(E)

(D) .

47

16667]		•	(F.XII	ibit 266.)				697
c't o.	Description		Current Month	Increase Over Previous Year	Months To Date	Increase Over Prévious Year	Twelve Months To Date	Previous Ye
0 Rent from Pro 2 Customers' Fo 5 Miscellaneous	perty rfeited Discounts Other Revenue		29 22 91	*7 18 *6 62			399 78 16 47	+80 3 +25 4
Total, I	. 4-Λ, & C. L. 14		30 13	+13 80	•		416 25	+105 9
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(B)

Indiana Gas Distribution Corporation Columbia System (D).

 (\mathbf{E})

Month of December -- 1941 24-C

Detail Of Income Accounts
Other Gas Department Revenue

^{*}Indicates red figures.

fol . 166681

(Exhibit 266.)

2.	-	. 97	Columbia System * Indiana Ga. Distribution Corporation Me	Gonth of December	as Expenses 25
12 Months To Date	Increase Over Previous Year	Acc't No.	Gas Purchased For Resale	Current Month	Increase Over- Previous Vear
*					1
		2000	Natural Gas Purchased—This Group	· @	- 2
320 181 22	*15 540 48	2001	" " —Other Groups	27 037 80	*4 561 02 3
-		2002	" . "Others		4
-	and a second	2003	Manufactured Gas Purchased—This Group .		- 5
		2004	" " —Other Groups	_	- 6
	t	2005	" " —Others		- 7
-	w-m /	2010	Interchange of Gas-Net-This Group		- 8
· mode	,	2011	" " - " - Other Groups		. — 9
-		2012	" " — " — Others	*****	- 10
-		2014	Gas Placed in Storage		- 11
species of the same of the sam		2015	Gas Withdrawn from Storage	-	- 12
320 181 22	+15 540 48		Total	27 037 80	*4 561 02 13
	.,		. Gas Purchase Expenses		. 14 15
	•		• Operation	***	. 16
7 86	*15.58	2016	Purchase Expenses-Natural Gas - Labor		17
26 45	24 05	2017	" - " - M. & I		15°60 18
of the land	4 -	2018	" - Manufactured Ga - Labor		. 19
-		2019	" - " - M. & I	E	
		* 1	\		21
34 31	8.47		Total Operation	15 60	15 60 23
	9	*	Maintenance		24
,	. +2 29	2054	Struc & Equip Natural Gas - Labor	***	- 25
*****		2055	" " " - M. & !	E	
c		2062	" " / -Manufactured Gas -Labor		27
		2063	" " -M. &	E	- 28
Λ.					30
, s	+2 29	,	Total Maintenance	and the same of th	- 31
34 31	6 18		· Total Purchase Expenses	15 60	15 60 32
			and the same of th		
		•	Gas Purchased Summary		♥. 33 34
	,		Natural Gas	6	. 35
320 181 22	*15 540 48		Total Purchases	27 037 80	*4 561 92 36
34 31	8 47		* Total Purch. Exp.—Operation	15 60	15 60 37
99 31	• •2 29		" " — Maintenance	13 00	- 38
	• • • •				
320 215 53	15 534 30	×*.	Total	27 053 40	*4 545 42 39
			Manufactured Gas		40
			Total Purchases		4
	• • •	.,	Total Purch. Exp Operation		4
	•	• • • • • • • • • • • • • • • • • • • •	" " -Maintenance		4:
	0	• 1.	Total	, V	4
			Interchange of Gas—Net Gas In & Out of Storage—Net		4
			Total	1	- 47
320 215 53	*15.534 30	. , •	Total Cas Purchased Expenses	27 053 40	. *4 545 42 4
				1	- 4
			Gas Purchase Statistics		5
1 306 394	44 994	-	Natural Gas PurchasedMCF	109.311	*16 513 5
-	o- o	•	Interchange of Gas-Net -MCF	vender 4	5
_*		•	Natural Gas Stored—Cr. ;—MCF		- 5
1 306 394	,44 994		Total	109 311	*16 513 5
1.			. A Cout Per MCF (Cents)	24 75 0	÷ 36 5
			The second secon	WT 10 P	1111

	- 03	2003 2004	Manufactured Gas Purchased—This Group Other Groups			
-		2005	" " —Others			7
_		2010	Interchange of Gas-Net-This Group	-	,-	. 8
		2011	" " — " — Other Groups " " — " — Others	-	. /	. 9
	_	2012 2014	Gas Placed in Storage		. 7	10
	-	2015	Gas Withdrawn from Storage	-		13
320 181 22	+15 540 48.		Total	27 037 -80	+4.561 02	13
						1
		0 - 0	Gas Parchase Expénses			.13
7.86	+15 58	2016	Operation Purchase Expenses—Natural Gas —Labor		•	13
26 45	24 06	2017	Purchase Expenses—Natural Gas —Labor —M. & E.	15 60	0 15 60	18
-	10	2018	-Manufactured Gas-Labor			- 1
- \		2019	" -M. & E.		P -	2
						2
•	**				,	2
′34 31.	8 47		Total Operation	15 60	15 60	2
•	40.00		Maintenance Struc. & Equip.—Natural Gas —Labor			2
and the same	+2 29	2054 2055	Struc. & Equip.—Natural Gas —Labor — — — — — — — — — — — — — . & E.			2
- 0	-	2062	" " -Manufactured Gas -Labor			2
· ·	, -	2063	-M. & B.		-	2
					*	2
	1		•			3
	+2 29	\	Total Maintenance			3
34 31	618	1	Total Purchase Expenses	. 15-60	15 60	3
			Gas Purchased Summary			3
	•	***	Natural Gas			. 3
320 181 22	*15 540 48		Total Purchases	27 037, 80	+4 561 02	3
34 31	8 47		Total Purch. Exp. —Operation	15 60	15 60	3
* =	+2 29	1	" - Maintenance		- 6	.3
320 215 53	+15-534-30		Total	27 053 40	*4 545 42	3
			Manufactured Gas	•	. b .	-4
1			Total Purchases			4
/		.*	Total Purch. Exp. —Operation	1		4
	. *		" " -Maintenance	1.		- 4
•	-		Total) - :	-	4
			Interchange of Gas—Net Gas In & Out of Sjorage—Net	0		. 4
	8	•	Total		_	. 4
320 215 53	*15 534 80 ·	2	Total Gas Purchased Expenses	27 053 40	+4 545-42	. 4
*						4
		and of the second	Gas Purchase Statistics			. 5
1 306 394	44 994		Natural Gas Purchased —MCF	109 311	*16 513	. 5
_			Interchange of Gas—Net —MCF Natural Gas Stored—Cr. —MCF	=	- · · · · · · · · · · · · · · · · · · ·	
1 306 394	- 44 994	4.6	Total	109 311	*16 513	-
24.51	*2.11 *		Average Cost Per MCF (Cents)	24.75	+.36	-
			Manufactured Gas Purchased - MCF			5
	-		Manufactured Gas Stored-CrMCF			
/.	-		Total			5
1	0		Average Cost Per MCF (Cents)			
· · · ·		. 11	Gas Withdrawn from Storage -MCF	· · 1 :		. 6
			Average Cost Per MCF (Cents)			. (
1 306 394	44 994	G.	Total Gas Purchased—MCF	109 311	*16 513	(
24.51	*2.11		Avg. Cost Per MCF (Conts)	24.75	+ 36	•
(A) .	(B).	•		(C) \	(D)	

1.

/\	0		Indiana Gas Distribution Corpora		Month of Decemb		29
	Increase Over Previous Year	Acc't . No.	Distribution			Increase Over Previous Year	
	. \	- /4	Operation,				1
1 058 93	+92 67	2400	Supervision & Engineering	-Labor	83 53	*11 47	9
967 51	166 89	2401 .		-M. & E.	66 42	+13 15	. 3
• 39	*11 33	2404	Distribution Maps & Records	Labor .		*2 95	. 4
. 22	+28 87	2405		-M. & E.	•	*26 46	5
	-	2406	Distr. Pumping, Meas. and Reg. Equip	Labor	mara.		6
· · ·]	2407		-M. & E.			7
548 90	1 89	2412	Distribution Lines	-Labor .	40 95	+24 55	. •
149 67	. 174 92	2413		-M. & E.	32 09	14 24	9
352 44	276 01	2118	Rem. and Reset Meters and Hse. Re		66 45	*12 10	10
564 19	249 71	24100	01 0 0	-M. & E.	36 42	10 56	11
787 77	199 81	2420	Other Services on Customers Prem.		59 24	47 58	. 12
568 19	269 85	2421	Mata-Danish	-M. & E -Labor	44 69	*1 15 2 64	13
50 79 35 43	98	2424	Meter Department	-Labor	19 74	19 49	15
300 90	26 80 61 40	2426	Other Distribution Expenses	-Labor	27 19	+15 57	, 16
514 34	- 211 17	2427	Other Distribution Expenses	-M. & E.	32 24	+53 20	17
	- 211 17	2428	Street Lighting	-Labor	32.24	W 40	18
, <u>-</u> .	0	2429	t Eighting	-M. & E.			19
288 99	+2 76	2433	Rents		31 05	11 05	20
	1.	2100				1	2
	Δ :						. 2
							2
7 088 66	. 1 140 02		Total Operation		544-15	+113 20	2
7 088 00	. 1 140 02	*	1		344-13	110 20	
288 61	154 99	2450	Maintenance Supervision & Engineering	-Labor	23 17	8 00	20
257 73	61 49	2451	8 .	-M. & E.	17 70 v		2
62 27		2452 0	Structures & Improvements	-Labor .		*6 57	
46 77	29 30	2453	/4 " "	-M. & E.		+7 40	3
39 66		2454	Distribution Meas, and Reg. Equip.	-Labor	11 76.	9 57	3
5 05	• • • • • • 12	2455		-M. & E.	3 30	+1 92	. 3
		2456	Distribution Pumping Equipment.	- Labor	-	200	- 3
		2457		-M. & E.	98 69 da		. 3
126 29	33 40	2460	Distribution Lines	Labor	• -	+18 99	_ 3
107 62	59 30	2461		-M. & E.	- 1	+9 50	3
19 88	+5 13	2468	Services	-Labor	. 77	+5 87	3
8 57	+20 20		4	-M. & E.	4 74	8 20	- 3
359 64		2472	Meters	-Labor	. 07	*33 33	. 3
458 99		2473	9 /	-M. & E.	45	+32 75	3
33 78	+79 43	2474	House Regulators	-Labor	1 32	+3 10	74
106 31	+51 06	2475	4 4	-M. &.E.	*10 00	+22 86	4
at the sale	-	2178	Street Lighting Equipment	-Labor	-		4
	/	2479		-M. & E.	7.		4
7 12	+14 60	2480	Miscellaneous Distribution Equipme			•	4
52 05	34 74	2481	and the same of th	-M. & E.			. 4
		• • .		0	•		4
							4
1	1				* * * * * *		4
			T. T	***	4.		
1 000 00	. 790 70		Total Maintenance		53 58	+122 26	
9 069 01	<u> </u>				597 73		5
	1 878 75		Total Distribution Expenses		. 507 73	+235 46	

		9.	Indiana Gas Distribution Corporation	Month of Dece	Gas Expenses 29	, .
12 Months	Increase Over	Acc't		Current	Increase Over	
To Date	Previous Year	No.	Distribution	Month	Previous Year	
7.8			Operation			-
1 058 93	3 +92 67	2400	Supervision & Engineering -Labor	83 53	1 11 47 1 2	
967 51		2401	9 -M. & I		+13 15 3	
39	61	2404	Distribution Maps & Records - Labor		+2 95 4	
. 23	2* 4 +28 87	2405	-M. & I		*26 46 5	,
	-	2406	Distr. Pumping, Meas. and Reg. Equip Labor	1	- 6	-
* 1		2407	" " -M. & I		7	
548 90		2412	Distribution Lines Labor	40 95	1 +24 55 S	
149 6		2413	-M. & I		14 24 9	1
952 44 564 19		2118	Rem. and Reset Meters and Hse. Reg. —Labor	66 45	*12 10 10 10 56 11	
787 7		2420	Other Services on Customers PremLabor	50 24	47 58 12	1.1.
568 19		2421	-M. & J		*1 15 13	
50 79	,	2424	Meter Department - Labor			
35 43	3 26 80	2425	-M. & 1		19 49 15	
300 90	61 40	2426	Other Distribution Expenses —Labor	27 19	+15 57 16	
514 34	211 17	2427	-M. & 1	32 24	*53 20 17	-
		2428	Street Lighting 2 - Labor		18	
de de la constante de la const		2429	-M. & I		- 19	
288 9	9 +2 76	2433	Rents	31 05	11 05 20 21	
4.					21	
		1 .			. /- 23	-
7 088 60	6 1 140 02		~ Total Operation	544 15	*113 20 24	-
			Maintenance		25	
288 6	1 154 99	2450	Supervision & Engineering — Labor	23 17	8 00 26	3
257 73		2451	M. & I		*5 74 A 27	1 .
62 2		2452	Structures & Improvements —Labor		*6 57 28	
46 7			-M. & 1		*7 40 29	
39 60			Distribution Meas, and Reg. Equip. —Labor —M. &		9 57 30 +1 92 3f	
. 5 0	5 . 25 12	2456 2456	Distribution Pumping Equipment —Labor		*1 92 3f	
-		2457	" - " - M. &		- 33	
126 2	9 33 40	2460	Distribution Lines Labor		*18 99 34	4
107 6		2461	-M. & 1		◆9 50 35	5 .
. 19 8	8 - +5 13	2468	Services Labor		+5 57 36	ó
8.5	7 *20 20	2469	-M. & 1	E. 4 74	8 20 37	7
359 6		2472	Meters - Labor	07	*33 33 38	
458 9		2473	o -M & l		232 75 39	-
* 33 7		. 2474	House Regulators — Labor — M. A.		3 10 40	
106 3	1 *51 06	2475 2478	Street Lighting Equipment - Labor	E. •10 00	a +22 86 5 41	
		2479	M. &	E		3:
7 1	*14 68	2480	Miscellaneous Distribution Equipment-Labor		- 44	
52 0		2481	" -M. &		- 48	
)			· · · · · · · · ·	16	
					• 47	7 :
		-			48	
	0				4	
				S. C. C. C.		0
1 980 3	5		Total Maintenance	53 58	*122,26 5	1 :
9 069 0	1 1 878,75	*	Total Distribution Expenses	597 73	*235 46 55	9
			and the same of th	•		-
1 79			Number Of Customers	1 881		
506.3	7 69.54		Average Cost Per Customer (Cents)	31 78	•16.16 5	
				2 3	5	5.
	;				5	
/	* *				5	
. /		4.			59	
1.		1		•	66	
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		•			6.	2

*Indicates red figures.

(D

(Exhibit 266.) Columbia System Indiana Gas Distribution Corporation

Gas Expenses 30

Month of December - 1941

2 Months To Date	Increase Over Previous Yes		Customers Account Collecting	ing &	Current Month	Irerease Over
					•	
551 44	. +554 37.	2600	Supervision	-Labor	38 20	* *7 80
308 68	127 60	2601	*	-M. & E.	20 17	13 15
37 32	+62 62	2602	Customers Contract & Orders	Labor	2 80	+20
3.93	1 49	2603		-M. & E	13	13
31 77	+28 58	2604	Credit Investigation & Records	Labor	2 80	+20.
7 58	*6 91	2605		-M. & E.	26	26
720 71	*44 34	2606	Meter Reading	Labor	61 81	1-81
235 32	+125 38 -	2607		-M. & E.	14 87	1 35
251 65	+185 87	2608	Collecting	-Labor	19 41	+5 92
034 39	+35 16	2609		-M: & E.	86 23	*10 47
-\$88 40 ·	+236 15	2610	Customers Billing & Acctg	-Labor	41 43	+3 64
246 22	+8 58	26115	4 4 4	M. & E.	28 14	+21
375 79	256 94	2612	Delivering Bills	-Labor	28 89	24 39
201.38	+198 97	2613		-M. & E.	11 25	*23 13 ¢
25 30	+75 69	2614	Miscellaneous &	-Labor	1 40	• •10
23 17	+36 56	2615	#	-M. & E.	10 52	+9 13
			Uncollectible Accounts		.0 02	
71, 68	,3 06,		Rents-Billing Equipment	1	-5 87	+42
181 83	34 83	2634	" —Other		.15 53	4 53
101 00	01.00	2004	-Other		.10 30	, 1 90
					٠.	
	1 30			16		
				4 14		•
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795 56	*1 175 26		Total Cust. Accig. & Colf. Exp.		389 71	*15 60
795 56	*1 175 26	<i>a</i>	· market same and the control of the		389 71	+ 15 60
	\ ·	0.000	Sales Promotic			+ 15 60
848 00	122 00	2 7 00	· market same and the control of the	- Salaries	454 00	*15 60 420 00
848 00 380 02	.122 00 179 56	2701	Sales Promotic	-Salaries	454 00 25 76	*15 60 420 00 16 58
848 00 380 02 383 11	122 00 179 56 103 94	2701 2704	Sales Promotic Supervision Canvassing and Soliciting	- Salaries - M. & E: - Salaries	454 00 25 76 40 19	*15 60 420 00 16 58 18 \$1
\$48 00 380 02 383 11 209 86	. 122 00 179 56 103 94 •101 55	2701 2704 2705	Sales Promotic Supervision Canvassing and Soliciting	-Salaries	454 00 25 76	*15 60 420 00 16 58
380 02 383 11	. 122 00 179 56 103 94 *101 55 *455 00	2701 2704 2705 2706	Sales Promotic Supervision Canvassing and Soliciting Commissions	-Salaries -M. & ESalaries -M. & E.	454 00 25 76 40 19	*15 60 420 00 16 58 18 \$1
\$48 00 380 02 383 11 209 86	122 00 179 56 103 94 101 55 455 00	2701 2704 2705 2706 2708	Sales Promotic Supervision Canvassing and Soliciting	- Salaries - M. & E Salaries - M. & E Labor	454 00 25 76 40 19	*15 60 420 00 16 58 18 \$1
\$48 00 380 02 383 11 209 86	. 122 00 179 56 103 94 *101 55 *455 00	2701 2704 2705 2706 2708 2709	Sales Promotic Supervision Canvassing and Soliciting Commissions Demonstration	Salaries - M. & E Salaries - M. & E Labor - M. & E.	454 00 25 76 40 19	*15 60 420 00 16 58 18 \$1
\$48 00 380 02 383 11 209 86 5 00	122 00 179 56 103 94 101 55 455 00	2701 2704 2705 2706 2708 2709 2710	Sales Promotic Supervision Canvassing and Soliciting Commissions	Salaries - M. & E Salaries - M. & E Labor - M. & E Labor	454 00 25 76 40 19	*15 60 420 00 16 58 18 \$1
\$48 00 380 02 383 11 209 86 5 00	122 00 179 56 103 94 101 55 455 00	2701 2704 2705 2706 2708 2709 2710	Sales Promotic Supervision Canvassing and Soliciting Commissions Demonstration	Salaries - M. & E Salaries - M. & E Labor - M. & E.	454 00 25 76 40 19	*15 60 420 00 16 58 18 \$1
848 00 380 02 383 11 209 86 5 00	122 00 179 56 103 94 *101 55 *455 00	2701 2704 2705 2706 2708 2709 2710 2711	Sales Promotic Supervision Canvassing and Soliciting Commissions Demonstration	Salaries - M. & E Salaries - M. & E Labor - M. & E Labor	454 00 25 76 40 19	420 00 16 58 18 91 10 19
848 00 380 02 383 11 209 86 5 00 5 00	122 00 179 56 103 94 *101 55 *455 00 5 00	2701 2704 2705 2706 2708 2709 2710	Sales Promotic Supervision Canvassing and Soliciting Commissions Demonstration Advertising	- Salaries - M. & E Salaries - M. & E Labor	454 00 25 76 40 19	*15 60 420 00 16 58 18 51 10 19 *12 86 -3 52
\$48 00 380 02 383 11 209 86 5 00 5 00 65 65 20 38	122 00 179 56 103 94 *101 55 *455 00 5 00 1 13 20 38	2701 2704 2705 2706 2708 2709 2710 2711	Sales Promotic Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	Salaries - M. & E Salaries - M. & E Labor - M. & E Labor - M. & E.	454 00 25 76 40 19 18 02	420 00 16 58 18 91 10 19

Month	of De	cember	- 1	1941

	Previous Year	· Acc't	Customers Accounting	ng &	Current Month	Increase Over Previous Year
,		1			•	
551 44	*554 37 •	2600	Supervision	-Labor	38 20	*7 80
308 68	127 60	2601		-M. & E.	20 17	13 15
37 32	*62 62	2602	Customers Contract & Orders	Labor	2 80	+20
3 93 31 77	1 49- +28 58	. 2603		-M. & E.	13	13
6 58	*6 91	2604 2605	Credit Investigation & Records	-Labor -M. & E.	2.80	+20
720 71	*44 34	2606	Meter Reading	-M. & E.	26	26
235 32	+125 38	2607	steer Reading	-M. & E.	61 81	1 81,
251 65	185 87	2608	Collecting	-Labor	19 41	+5 92
1 034 39	+35.16	2609	4	-M. & E.	86 23	*10 47
488 40	* *236 15	2610	Customers Billing & Acetg	-Labor	41 43	*3 64
. 246 22	*8 58	2611		-M. & E.	28 14	+21
375 79	256 94	2612	Delivering Bills	-Labor	28.89	24 39
201 38	+198 97	2613	4	-M. & E.	11 25	+23 13
25 30	*75 69	2614	Miscellaneous	-Labor	1 40 e	*10
23 17	*36 56	2615		M. & E.	10 52	•9 13
-		2630	Uncollectible Accounts			•. • = = =
·71 68	_ 3 06	2633,	Rents Billing Equipment		5-87.	*42
181 83	34 83	2634	" Other		15 53	4 53
		0'				
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795 56	*1 175 26		Total Cust. Acctg. & Coll. Exp.		289 71	*15 60
795 56	*1 175 26				289 71	*15 60
795 56 848 00		2700	Sales Promotion	Salaries	~'/	.*15 60
·,	122 00	2700 2701		Salaries	154 00	*15 60 420 00
848 00		2700 2701 2791	Sales Promotion	- M. & E.	454 00 25 76	*15 60 420 00 16 58
848 00 380 02 383 11 209 86	122 00 179.56	2701	Sales Promotion	- M. & E. - Salaries	\$54 00 25 76 40 19	120 00 16 58 18 81
848 00 380 02 383 11	122 00 179 56 103 94	2701 2701	Sales Promotion Supervision Canvassing and Soliciting Commissions	- M. & E.	454 00 25 76	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00	422 00 179.56 103°94 *101.55 *455 00	2701 2794 2705 2706 2708	Safes Promotion Supervision Canvassing and Soliciting	- M. & E. - Salaries	\$54 00 25 76 40 19	420 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86	122 00 179 56 103 94 •101 55	2701 2704 2705 2706 2708 2709	Sales Promotion Supervision Canvassing and Soliciting Commissions	- M. & E. - Salaries - M. & E. - Labor - M. & E.	\$54 00 25 76 40 19	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00	422 00 179 56 103 94 *101 55 *455 00	2701 · 2704 · 2705 2706 · 2708 2709 · 2710	Sales Promotion Supervision Canvassing and Soliciting Commissions	- M. & E. - Salaries - M. & E. - Labor - M. & E. - Labor	454 00 25 76 40 19 18 02	420 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00 5 90	422 00 179 56 103 94 *101 55 *455 00 5 00	2701 2704 2705 2706 2708 2709 2710 2711	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising	- M. & E. - Salaries - M. & E. - Labor. - M. & E. - Labor - M. & E.	\$54 00 25 76 40 19 18 02	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00 5 00 65 65 20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2704 2705 2706 2708 2709 2710 2711 2714	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00 5 00	422 00 179 56 103 94 *101 55 *455 00 5 00	2701 2704 2705 2706 2708 2709 2710 2711 2714 2715	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor. - M. & E. - Labor - M. & E.	\$54 00 25 76 40 19 18 02	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00 5 90 65 65 -20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00 5 00 65 65 -20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00 5 00 65 65 -20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00 5 00 65 65 -20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00 5 00 65 65 -20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	*15 60 420 00 16 58 18 81 10 19 *12 86 3 52 2 25
848 00 380 02 383 11 209 86 5 00 5 00 65 65 -20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00 5 00 65 65 20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	120 00 16 58 18 81 10 19
848 00 380 02 383 11 209 86 5 00 5 00 65 65 20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	*15 60 420 00 16 58 18 81 10 19 *12 86 3 52 2 25
848 00 380 02 383 11 209 86 5 00 5 00 65 65 20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	*15 60 420 00 16 58 18 81 10 19 *12 86 3 52 2 25
848 00 380 02 383 11 209 86 5 00 5 00 65 65 20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	*15 60 420 00 16 58 18 81 10 19 *12 86 3 52 2 25
848 00 380 02 383 11 209 86 5 00 5 00 65 65 -20 38	422 00 179 56 103 94 *101 55 *455 00 5 00 1 13	2701 2794 2705 2706 2708 2709 2710 2711 2714 2715 2719	Sales Promotion Supervision Canvassing and Soliciting Commissions Demonstration Advertising Miscellaneous	- M. & E. - Salaries - M. & E. - Labor, - M. & E. - Labor - M. & E. - Labor	25 76 40 19 18 02	*15 60 420 00 16 58 18 81 10 19 *12 86 3 52 2 25

(**D**)

[fol. 16671]

(Exhibit 265.)
Commission System

			Indiana Gas Distribution Corporation	624	Gas Expenses 31
				Month of Decembe	r - 1941
To Date	Increase Over	Acc't	. Administrative &		Increase Over
	Previous Year	No.	General	Month	Previous Year.
		*1. 3	Operation		
, -		2800	General Officers - Salar	ies	-
11 53	11 53	2801	" -Expe	nses ·	
300-8	+2 71	2904	General Office Employees —Salar	ies 25 C3	-
54 16	+13 33	2805	" - Expe	nses	+7 45
14 62	+18 90	2807	General Office Supplies and Expenses		
323 32	+312 76	2809	Mgint, & Supervision Fees & Expenses	26 90	49-33
50 00	25 00	2810	Special Services—Legal	50 00	50 00
446 69	96 96	2811	" - Audit & Taxes	19 81	9 07
329 09	+319 10	2814	" —Other	+15 88	+H 09 1
-:	-:	2815	Regulatory. Commission Expenses	5	1
282 32	-6 30	2817	Insurance	53 61	28 86 1
1 008 01	+68	2819	Injuries and Damages	87 72	21 1
22	15 22	2821	Employees Welfare Exp.Grp. Life Ins.	*38 49	+41/97 1
12 77		2823	" " -Other	2 16	2 16 1
		2824	Pensions		- 1
35 52	+10 18	2825	Miscellaneous General—Públic Relations	16 50	16 50 1
1 00	+33 01	2829	" —Other		- I
		2831	Franchise Requirements		1
		2832	Rents—Accounting Equipment	ninotic .	2
540.11	4000.00	2833	General Rents	2. 00	2
549 11	+303 87	2835	Stores Expenses	34.86	+14 64 2
			9		2
					2
. 6'					2
6. 10				A COLUMN TO THE PARTY OF THE PA	
3 419 21,	+935 40		Total Operation	262 19	20 98 . 2
•			Maintenance	' A	2
1 3		2850	Structures & Improvements		2
		2852	General Office Furniture & Equipment	A. A. A	3
		2854	Communication Equipment		3
		2856	Miscellancous General Equipment		3
		- 1,	The control of the co		. 3
	500mm				3
			and the same of		
. /				N.	3
					. 3
					3
			Total Maintenance		- ¿ 3
3 419 21	. +935 40	* .	Total Administrative & General Exp.	.262 19	20 98 4
-/:					
4.1					4
	A		discellaneous Duplicate Char		4
123 95	+58.79	2982	Adm. & Gen'l. Exp. Transf. to Constr Credi		**132 88 4
· · · · · · · · · · · · · · · · · · ·	and a	2983	Joint Operating Expenses Trans. —Credi		4
		2985 1	Gas Used by Gas Deptior Power -Cred	. 0	- 4
	410.00	2985 2	" - " Mfd. Gas "-Cred		410.00
87 85	+12 30	2985 3	" " Co. Bldgs. Credi		*13 90 4
		2985 4			- 4 - 4
	4	2987			
Parama.	♦160 22	2988 2989	Free Gas Stores Expenses Transferred -Credi		47 52 5
564 54	*162, 55		Stores Expenses Transferred -Credi	02 10	
564, 54			1. 1. 1.		. ,) 5
564 54		. 4			
564 54 776 32	+233 64		Total Duplicate Charges	139 47	+99 26 5
• • • • • • • • • • • • • • • • • • • •	+233 64		Total Duplicate Charges	139 47	
776 32	<i>(</i>				5
776 32 336 676 02	+16 078 14		Total Operation	28 656 58	*4 095 49 5
776 32 336 676 02 1 980 35	*16 078 14 736 44	/- ,	Total Operation Total Maintenance	28 656 58 53 58	+4 095 49 5 +122 26 5
776 32 336 676 02 1 980 35 3 740 80	+16 078 14	2990	Total Operation Total Maintenance Provision for Retirements	28 656 58	+4 095 49 5 +122 26 5 /21.75 5
776 32 336 676 02 1 980 35 3 740 80	*16 078 14 736 44 200 00	2990 2992	Total Operation Total Maintenance Provision for Retirements Extraordinary Retirement Expenses	28 656 58 53 58 340 42	+4 095 49 5 +122 26 5 /21, 75 5
776 32 336 676 02 1 980 35 3 740 80 12 746 38	*16 078 14 736 44 200 00 5 788 39	2990 2992 2996	Total Operation Total Maintenance Provision for Retirements Fxtraordinary Retirement Expenses Taxes—Federal	28 656 58 53 58 340 42 1 842 30	+4 095 49 5 +122 26 5 /21.75 5 380 80 56
776 32 336 676 02 1 980 35 3 740 80	*16 078 14 736 44 200 00	2990 2992	Total Operation Total Maintenance Provision for Retirements Extraordinary Retirement Expenses	28 656 58 53 58 340 42	+4 095 49 5 +122 26 5 /21.75 5 380 80 56 /100 23 6
776 32 336 676 02 1 980 35 3 740 80 12 746 38	*16 078 14 736 44 200 00 5 788 39	2990 2992 2996	Total Operation Total Maintenance Provision for Retirements Fxtraordinary Retirement Expenses Taxes—Federal	28 656 58 53 58 340 42 1 842 30	*4 095 49 5 *122 26 5 /21.75 5 *380 80 56 100 23 6
776 32 336 676 02 1 980 35 3 740 80 12 746 38	*16 078 14 736 44 200 00 5 788 39	2990 2992 2996	Total Operation Total Maintenance Provision for Retirements Fxtraordinary Retirement Expenses Taxes—Federal	28 656 58 53 58 340 42 1 842 30	+4 095 49 5 +122 26 5 /21.75 5 380 80 56 /100 23 6

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Indiana			ration
			4 ton.
	 · .		2

Gas Expenses
Month of December - 1941 31

	Increase Over					
	Previous Year	Acc't	Administrative & General	Current Month	Increase Over Previous Year	
		1	0			
		2800	Operation General Officers —Salaries			
11 53	11 53	2801		\		
300 85	+2 71	2804	" Expenses Salaries	0: 00		
34 16	*13 33	2805		25 00	45 45 1	
14 62	+18 90		-Expenses		+7 45	
	0	2807	General Office Supplies and Expenses	1 00.00	40.00	
323 32	*312 76		Mgint & Supervision Fees & Expenses	26 90	49 33	
50 00	25 00	2810	Special Services—Legal	50 00	50 00	
446 69	96 96	2811	-Audit & Taxes	19 81	9 07	. !
329 09	+319 10	2814	" -Other -	+15 88	+71 09	10
		2815	Regulatery Commission Expenses	3-1		1
282 32	*6 30	2817	Insurance	53 61.	28 86	.13
1 008 01	+68	2819	Injuries and Damages	87 72	21	13
22	+45 22	2821	Employees Welfare Exp.Grp. Life Ins.	+38 49		4
12 77	+2 83	2823	" -Other	2 16	2 16	1
date-	-	2824	Pensions \			-10
35 52	*10 18	2825	Miscellaneous General Public Relations	16 50	. 16 50	1
1 00	+33 01	2829	" —Other	· ·		1
	. \	2831	Franchise Requirements			. 19
	\ \ 	2832	Rents - Accounting Equipment	******		20
	\ \-	2838	General Rents		22	2
549 11	*303 87	2835	Stores Expenses	34 86	+14-64	2
	/ /				***	2
						. 2
	3 / /		\	10		2
	. \/					2
					*	
3 419 21	+935 40		. Total Operation	262 19	20 98	2
		-	Maintenance		•	0
	1	2850				2
			Structures & Improvements		•	2
		2852	General Office Furniture & Equipment			30
	**	2854	Communication Equipment			3
		2856	Miscellaneous General Equipment	1		32
4	14.					33
			\.			34
			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	**		35
						36
			1	20		
	۵			4.		37
	۵			4.		
	D .		Total Maintenance	<i>à</i> .		38
	D		Total Maintenance	4.		38
3 419 21	⊅		Total Maintenance Total Administrative & General Exp.	262 19	20 98	38
3 419 21	\$		· · · · · · · · · · · · · · · · · · ·	262 19		35 38 39 40
3 419 21	> +935 40		Total Administrative & General Exp.			3: 3: 4: 4:
•		2982	Total Administrative & General Exp. Miscellaneous. Duplicate Charges		20 98	35 35 46 44 45
3 419 21	•935 40 •58 79	2982 2983	Miscellaneous. Duplicate Charges		20 98	35 35 46 4 43 43 43
•		2983 .	Miscellaneous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit		20 98	3: 3: 4: 4: 4: 4: 4:
•		2983 · 2985 · 1	Miscellaneous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. —Credit Joint Operating Expenses Trans. —Credit Gas Used by Gas Dept.—for Power —Credit		20 98	3: 3: 3: 4: 4: 4: 4: 4: 4: 4: 4: 4: 4: 4: 4: 4:
123 93	*58 79	2983 · 2985 · 1 2985 · 2	Miscellaneous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept. — for Power — Credit "" " " " Mfd. Gas — Credit	49 84	20 98	3: 3: 3: 4: 4: 4: 4: 4: 4: 4: 4: 4: 4: 4: 4: 4:
•		2983 · 2985 · 1 2985 · 2 2985 · 3	Miscellaneous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit " " " " " Mfd. Gas — Credit " " " " " Co. Bldgs — Credit		20 98	33 33 40 41 41 42 44 44 44 44 44 44 44 44 44 44 44 44
123 93	*58 79	2983 · 2985 · 1 2985 · 2 2985 · 3 2985 · 4	Miscellaneous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit " " " " " " Mfd. Gas — Credit " " " " " Co. Bldgs — Credit " " " " " Other — Credit	49 84	20 98	3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
123 93	*58 79	2983 · 2985 · 1 2985 · 2 2985 · 3 2985 · 4 · 2987 · 4	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit " " " " " " " " " " Co. Bldgs — Credit " " " " " " " Other — Credit " " " " " " Credit	49 84	20 98	3 3 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
123 93 87 85	*58 79 	2983 - 2985 1 2985 2 2985 3 2985 4 2987 - 4 2988	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit " " " " " " " " Go. Bldgs — Credit " " " " " " Co. Bldgs — Credit " " " " " " Other — Credit " " " " " Credit " " Credit " " Credit " " Credit	49 84 - - 7 45 -	20 98 *132 88 *13 90	31 32 32 40 4 42 44 44 44 45 45 45 45 45 45 46 46 47 47 48 48 48 48 48 48 48 48 48 48 48 48 48
123 93	*58 79	2983 · 2985 · 1 2985 · 2 2985 · 3 2985 · 4 · 2987 · 4	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit " " " " " " " " " " Co. Bldgs — Credit " " " " " " " Other — Credit " " " " " " Credit	49 84	20 98 *132 88 *13 90 47 52	33 34 44 44 44 44 45 55
123 93 87 85	*58 79 	2983 - 2985 1 2985 2 2985 3 2985 4 2987 - 4 2988	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit " " " " " " " " Go. Bldgs — Credit " " " " " " Co. Bldgs — Credit " " " " " " Other — Credit " " " " " Credit " " Credit " " Credit " " Credit	49 84 - - 7 45 -	20 98 *132 88 *13 90 47 52	31 32 32 40 44 41 41 41 41 41 41 50 50
123 93 87 85° 564 54	*58 79 *12 30 *162 55	2983 - 2985 1 2985 2 2985 3 2985 4 2987 - 4 2988	Miscellaneous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit " " " " " " " " " " " " Co. Bldgs — Credit " " " " " " " " " " " " " Credit " " " " " " " " " " " Credit " " " " " " " " " Credit " " " " " " " " Credit " " " " " " " Credit " " " " " " " Credit " " " " Credit " " " " Credit	49 84 	20 98 +132 88 +13 90 	3 3 3 4 4 4 4 4 4 4 5 5 5
123 93 87 85	*58 79 *12 30 *162 55 *233 64	2983 . 2985 1 2985 2 2985 3 2985 4 2987 . 2988 2989	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit " " " " " " " " Go. Bldgs — Credit " " " " " " Co. Bldgs — Credit " " " " " " Other — Credit " " " " " Credit " " Credit " " Credit " " Credit	49 84 7 45 82 18	20 98 *132 88 *13 90 47 52	3 3 4 4 4 4 4 4 4 5 5 5
123 93 87 85 564 54 776'32	*18 79 *12 30 *162 55 *233 64	2983 . 2985 1 2985 2 2985 3 2985 4 2987 . 2988 2989	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit — "Mfd. Gas — Credit — "Co. Bldgs — Credit — "Other — Credit — "Other — Credit — Credit — Credit — Total Duplicate Charges	49 84 7 45 82 18 139 47	20 98 *132 88 *13 90 47 52 . *99 26	3 3 3 4 4 4 4 4 4 4 5 5 5 5 5
123 93 87 85 561 54 776 32 336 676 02	*18 79 *12 30 *162 55 *233 64 *16 078 14	2983 . 2985 1 2985 2 2985 3 2985 4 2987 . 2988 2989	Miscellaneous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit " " " " " " " " " " " " Co. Bldgs — Credit " " " " " " " " " " " " " Credit " " " " " " " " " " " Credit " " " " " " " " " Credit " " " " " " " " Credit " " " " " " " Credit " " " " " " " Credit " " " " Credit " " " " Credit	49 84 7 45 82 18	20 98 +132 88 +13 90 	3: 3: 3: 4: 4: 4: 4: 4: 4: 5: 5: 5: 5: 5: 5:
123 93 87 85 564 54 776'32	*162 55 *162 55 *233 64 *16 078 14 \$36 44	2983 . 2985 1 2985 2 2985 3 2985 4 2987 . 2988 2989	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit — "Mfd. Gas — Credit — "Co. Bldgs — Credit — "Co. Bldgs — Credit — "Other — Credit — "Credit — "Credit — "Total Operation Total Operation Total Maintenance	49 84 7 45 82 18 139 47	20 98 *132 88 *13 90 47 52 . *99 26	3: 3: 3: 3: 3: 3: 3: 3: 3: 3: 3: 3: 3: 3
123 93 87 85 561 54 776 32 336 676 02	*18 79 *12 30 *162 55 *233 64 *16 078 14	2983 . 2985 1 2985 2 2985 3 2985 4 2987 . 2988 2989	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit — "Mfd. Gas — Credit — "Co. Bldgs — Credit — "Co. Bldgs — Credit — "Other — Other — Credit — Credit — Credit — Total Duplicate Charges Total Operation	49 84 7 45 82 18 139 47 8 656 58	20 98 +132 88 +13 90 47 52 +99 26 +4 095 49	3 3 4 4 4 4 4 4 4 4 5 5 5 5 5 5 5 5 5 5
123 93 87 85 561 54 776 32 336 676 02 1 980 85	*162 55 *162 55 *233 64 *16 078 14 \$36 44	2983 . 2985 1 2985 2 2985 3 2985 4 2987 4 2988 2989	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit — "Mfd. Gas — Credit — "Co. Bldgs — Credit — "Co. Bldgs — Credit — "Credit — "Credit — Credit — Credit — Credit — Credit — Credit — Credit — Total Duplicate Charges Total Operation Total Maintenance — Provision for Retirements	49 84 7 45 82 18 139 47 28 656 58 53 58	20 98 +132 88 +13.90 47 52 +99 26 +4 095 49 +122 26	3 3 3 4 4 4 4 4 4 4 4 5 5 5 5 5 5 5 5
123 93 87 85 561 54 776 32 1 980 85 3 740 80	*162 55 *162 55 *233 64 *16 078 14 *36 44 *200 00	2983 . 2985 1 2985 2 2985 3 2985 4 2987 . 2988 2989	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit — "Mfd, Gas — Credit — "Co. Bldgs — Credit — "Co. Bldgs — Credit — "Other Depts. — Credit — Credit — Credit — Credit — Total Duplicate Charges Total Operation Total Maintenance Provision for Retirements Fxtraordinary Retirement Expenses	49 84 7 45 82 18 139 47 28 656 58 53 58 340 42	20 98 *132 88 *13 90 47 52 *99 26 *4 095 49 *122 26 21 75	3 3 3 4 4 4 4 4 4 4 5 5 5 5 5 5 5 5 5
123 93 87 85 564 54 776 32 336 676 02 1 980 85 3 740 80	*162 55 *162 55 *233 64 *16 078 14 \$36 44	2983 . 2985 1 2985 2 2985 3 2985 4 2987 * 2988 2989 2990 2992 2996	Miscellaneous Duplicate Charges Adm. & Gen'l Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept. — for Power — Credit — "Mfd, Gas — Credit — "Co. Bldgs — Credit — "Co. Bldgs — Credit — "Other Depts. — Credit — Credit — Credit — Total Duplicate Charges Total Operation Total Maintenance Provision for Retirements Fxtraordinary Retirement Expenses Taxes — Federal	49 84 7 45 82 18 139 47 28 656 58 53 58 340 42 1 842 30	20 98 *132 88 *13 90 47 52 *99 26 *4 095 49 *122 26 21 75 380 80	3 3 3 4 4 4 4 4 4 4 5 5 5 5 5 5 5 5 5 5
123 93 87 85 561 54 776 32 336 676 02 1 980 85 3 740 80	*162 55 *162 55 *233 64 *16 078 14 *36 44 *200 00 5 788 39	2983 . 2985 1 2985 2 2985 3 2985 4 2987 4 2988 2989	Miscells neous. Duplicate Charges Adm. & Gen'l. Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept.—for Power — Credit — "Mfd, Gas — Credit — "Co. Bldgs — Credit — "Co. Bldgs — Credit — "Other Depts. — Credit — Credit — Credit — Credit — Total Duplicate Charges Total Operation Total Maintenance Provision for Retirements Fxtraordinary Retirement Expenses	49 84 7 45 82 18 139 47 28 656 58 53 58 340 42	20 98 *132 88 *13 90 47 52 *99 26 *4 095 49 *122 26 21 75	33 34 44 45 44 44 45 46 47 48 49 50 50 50 50 50 50 50 50 50 60 60 60 60 60 60 60 60 60 6
123 93 87 85 561 54 776 32 336 676 02 1 980 85 3 740 80	*162 55 *162 55 *233 64 *16 078 14 *36 44 *200 00 5 788 39	2983 . 2985 1 2985 2 2985 3 2985 4 2987 * 2988 2989 2990 2992 2996	Miscellaneous Duplicate Charges Adm. & Gen'l Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept. — for Power — Credit — "Mfd, Gas — Credit — "Co. Bldgs — Credit — "Co. Bldgs — Credit — "Other Depts. — Credit — Credit — Credit — Total Duplicate Charges Total Operation Total Maintenance Provision for Retirements Fxtraordinary Retirement Expenses Taxes — Federal	49 84 7 45 82 18 139 47 28 656 58 53 58 340 42 1 842 30	20 98 *132 88 *13 90 47 52 *99 26 *4 095 49 *122 26 21 75 380 80	30 30 30 40 41 42 44 44 44 45 46 47 48 49 50 51 52 54 56 66 67
123 93 87 85 561 54 776 32 336 676 02 1 980 85 3 740 80 12 746 38 8 873 37	*162 55 *162 55 *233 64 *16 078 14 \$36 44 200 00 5 788 39 *69 42	2983 . 2985 1 2985 2 2985 3 2985 4 2987 * 2988 2989 2990 2992 2996	Miscellaneous Duplicate Charges Adm. & Gen'l Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept. — for Power — Credit — "Mfd, Gas — Credit — "Co. Bldgs — Credit — "Co. Bldgs — Credit — "Other Depts. — Credit — Credit — Credit — Total Duplicate Charges Total Operation Total Maintenance Provision for Retirements Fxtraordinary Retirement Expenses Taxes — Federal	49 84 7 45 82 18 139 47 28 656 58 53 58 340 42 1 842 30	20 98 *132 88 *13 90 47 52 *99 26 *4 095 49 *122 26 21 75 380 80	377 388 399 40 411 42 43 444 45 46 47 47 48 49 50 51 52 53 54 55 55 56 57
123 93 87 85 561 54 776 32 1 980 85 3 740 80 12 746 38	*162 55 *162 55 *233 64 *16 078 14 *36 44 *200 00 5 788 39	2983 . 2985 1 2985 2 2985 3 2985 4 2987 * 2988 2989 2990 2992 2996	Miscellaneous Duplicate Charges Adm. & Gen'l Exp. Transf. to Constr. — Credit Joint Operating Expenses Trans. — Credit Gas Used by Gas Dept. — for Power — Credit — "Mfd, Gas — Credit — "Co. Bldgs — Credit — "Co. Bldgs — Credit — "Other Depts. — Credit — Credit — Credit — Total Duplicate Charges Total Operation Total Maintenance Provision for Retirements Fxtraordinary Retirement Expenses Taxes — Federal	49 84 7 45 82 18 139 47 28 656 58 53 58 340 42 1 842 30	20 98 *132 88 *13 90 47 52 *99 26 *4 095 49 *122 26 21 75 380 80 100 23	37 38 39 40 41 42 43 44 43 44 45 50 51 52 53 54 56 60 60 61

fol. 16672	.4	(Exhibit 268.)		MCF			MCF .	· · ·		MCF	•
			Current Month	Increase Over . Previous Year	Percent Increase	Monvis To-Date	Increase Over Previous Year	Percent Increase	12 Months To Date	Increase Over Previous Year	Per Incre
9 Deliveries	Consu	Increase Over				1				2.2	
Retail Residential Commercial	Month 1 689 182,	Previous Year 136 7	7 922 - 1 622	401 +391 •	5.4° +19.4	•		•	64 435 16 081	+674 +573	•1 •0
Municipal and Other Public Industrial † Other	1 	-	98 615	+15 +17 569	+22.4 +15.1			•	1 222 643	33 44 423	3
	0/		100.011	Ain Phi	A12 0		•	W-	1 200 610	42.000	
Total Retail Sales	1/881	143	108 211	*17 571	+14:0				1 303 619	43 209	. 3
Wholesale Other Public Utilities † Other Utilities—Col. Sys. †		•		Million II			, ,	/			•
Total Sales To Public	1 884	7.143	108 211	+17 571	+14.0				1 303 619	43 209	3
Inter-Company This Group † Other Groups †								(:	S)		
Total Inter-Company Sales	0, 1,			• • • • • • • • • • • • • • • • • • • •	****						-
Total All Sales	•	1	108 211	+17 571	+14.0	,			1 303 619	43 209	3
Miscellaneous Deliveries Company Use, Elec. Gen. Stations Other Company Use, etc. Free, Municipal and Other	7		15	<u>+27</u>	164 3)		7	182 .	*18	+9
Total Miscellaneous Deliveries	•		• 15	+27	+64.3				182	. / +18	+9
Total Gas Deliveries		• • • • • • • • • • • • • • • • • • • •	108 226	+17 598	*14.0				1 303 804	43 191	3
Available For Deliveries Purchased—Inter-Company This Group †			109 311	16 513	+13.1 5	•			1 306 394	44 994	3
Total Purchased—Inter-Company			709 31h	+16 513	+13.1	•	• • • • • • • • • • • • • • • • • • • •	*	1 306 394	44 994	- 3
Furchased—Independents Natural Gas † Artificial Gas †			- 1,-						•		
Total Purchased—Independents							/		1. 11	7	
Total Gas Purchased		-	109 311	16 513	+13.1				. 1 306 394	44 994	. 3
Produced Natural Gas Artifical Gas	9										
				and the same of th							, .
Total Gas Produced					1	/	1		· v		2
and the state of t						/ :				,	9: -
Gas In Or Out Of Storage—Net			/	<i>[</i>	4:5					-	
Total Gas Available For Deliveries Loss (Black) Gain ((Red)		109 311		*13.1				1 306 394	44 994.	3.
LOSS (DIACK)	(Med)		1 085	1 085			./ .	/	2 593	1 803	228

Wak.	106731

				77
(E.	1.5	his	26	42 -

lee't		Account Title	Balance	Curre	ent Year	Balance
N6.		Acjount Title	First of Year	Additions	Retirements	End of Period.
4	Intangible Plant					
201 -	Organization @		119 52	_	0	119 52
02	Franchises and Con	sents	•			
02-1	Perpetual	ocares .	355 56			355 56
	Limited					
02-2	Miscelaneous Intan	wible Plant	10 938 90	•		10 938 90
03	Production Plant Na				,	10 200
• •				10.0		
10-	Land and Land Rig		•		e. I	
10-1	Gas Land Owned			4		
10-2	Gas Land Leaseh	eida				
10-3	Gas Land-Rights					- 4
10-4	Rights of Way			1 ;		
10 5	Other Land					
10-6	Other Land Right					
11 7	Structures and Imp				1.	
H-1-	Gas Well Structur					
11-2	Field Measuring a	and Regulating Station	Structures			
11-2	Other Production	System Structures				
12	Cas Wells			,	. ,	
12-1	Gas Well Constru	ction	* * :			
12-2	Gas Well Equipm	ent				
13	Gathering Lines		•			•
14	Measuring and Regu	ulating Equipment		•		
15	Drilling and Cleaning			•	•	
16	Purification Equipm					•
17	Miscellaneous Produ					
M	Production Plant-M.			• • • •		
20	Land and Land Rig			24		
20	Land a	1				
20-1	0	* *				
20-2	Land Rights			•		
21	Structures and Imp			,		•
20	Boiler Plant Equip			9.0		
23	Other Power Equip	-			La	
24	 Benches and Retort 	18				
250	Coke Overs				•	
26	Producer Gas Equip		7			
27	Water Gas Geferat				•	
28	Petroleum Gas Equ	ipment . ·				
29	Other Gas Generati	ing Equipment				
36.	Gas Reforming Equ	ipment				
31	Purification Equipment	nent				
32	Residual Refining F	equipment			Α -	\ -
33.	Miscellaneous Prod					
32-4		sh Handling Equipme	nt.			
33-2		ous Production Equipm				
	/ . · · · ·	and the state of t		•		
				1		
	- Anno	unt Carried Forward	11 413 98	.—		0 11 413 98

Detail Of Property, Plant And Equipment Indiana Gas Distribution Corporation Columbia System

For Period Ended December 31, 1941

16.1	16674	í
14.76.	10014	1.

(Exhibit 266.)

Storage Plant	Acc't	Account Title	Balance	V . Curre	nt Year	Balance
Storage Plant Storage Plant Storage Plant Storage Plant Storage Plant Storage Well Equipment Storage Well E	. Na.	Autour Title	The second secon	Additions	Retirements	End of Period
Storage Plant Storage Plant Storage Plant Storage Plant Storage Plant Storage Well Equipment Storage Well E	,	Amount Brought Forward	d 11 413 98 -			111 413 98
Land and Land Rights		Storage Plant				, ,
235 Land L	235				*	
235 2 Land, Rights						
Structures and In-provements				4	-	
Gas Holders Gas Storage Well Construction Gas			6	. >	6	
Gos Storage Well Construction Gos Storage Well Construction Gos Storage Well Equipment Erapsmission Plant Land and Land Rights Land and Land Rights Land and Land Rights Compressor Station Structures Structures and Improvements Compressor Station Structures Compressor Station Equipment Mains Compressor Station Equipment Mains Compressor Station Equipment Mains Distribution Plant Land Land Rights Land All Land Rights Land Rights Distribution Plant Land Land Rights Land Land Land Rights Distribution Plant Land Land Rights Land Land Land Rights Land Land Rights Distribution Plant Land Land Rights Land Land Rights Distribution Plant Land Land Rights Land Land Rights Distribution Plant Land Land Rights Land Rights Distribution Plant Land Rights Distribution Plant Land Rights Land Rights 100 1 79 75 170 72 250 1 Land Rights Land Rights Distribution Plant Land Rights Rights-of-Way Distribution Plant Land Rights 101 1 79 75 170 72 251 Structures and Improvements Land Rights Land Rights 102 2 Land Rights 103 3 99 169 44 Alians 104 18 91 17 9 55 170 72 1				• •		•
Gas Storage Well Equipment	238	and the second s				
Transmission Plant			•	AL*	6 w	
Transmission Plant Land and Land Rights Land Land and Land Rights				1 >		
Trapsmission Plant Land and Land Rights			•	. / .	14	
Land and Land Rights Land Rights Rights-of-Way 2 677 89 3 25 2 674 64	200	Anacemateous Storage Edulphient	•••	/		
Land and Land Rights Land Rights Rights-of-Way 2 677 89 3 25 2 674 64	**	Transmission Plant				•
240 2 Land 240 2 Land 240 3 25 2 674 64 240 3 25 2 674 64 240 3 25 2 2674 64 240 3 25 2 2674 64 240 3 25 2 2674 64 240 3 25 2 2674 64 240 24	240		170	1 .		
240 2				-		
240-3 Rights-of-Way 2 677 89 3 25 2 674 64				/		
Structures and Improvements 242-2 Compressor Station Structures 242-2 Transmission System Measuring and Regulating Station Structures 243 Other Transmission System Structures 244 Measuring and Regulating Equipment 245 Mains 246 Miscellaneous Transmission Equipment 257 Land and Land Rights 258 Land and Land Rights 258 Land and Land Rights 259 Land and Land Rights 250 Land Rights 250 Land Rights 250 Structures and Improvements 251 Land Rights 252 Pumping, Regulating and Measuring Equipment 253 Structures and Improvements 254 Rights-of-Way 255 Rights-of-Way 256 Rights-of-Way 257 Rights-of-Way 258 Rights-of-Way 258 Rights-of-Way 259 Rights-of-Way 250 Rights-of-Way 250 Rights-of-Way 251 Rights-of-Way 252 Rights-of-Way 253 Mains 254 Rights-of-Way 255 Rights-of-Way 256 Rights-of-Way 257 Rights-of-Way 258 Rights-of-Way 259 Rights-of-Way 250 Rights-of-Way 250 Rights-of-Way 251 Rights-of-Way 252 Rights-of-Way 253 Rights-of-Way 254 Rights-of-Way 255 Rights-of-Way 256 Rights-of-Way 257 Rights-of-Way 258 Rights-of-Way 259 Rights-of-Way 250 Rights-of-W			9 677 60	9 / 49 35		0.074.04
Compressor Station Structures Compressor Station Structures Compressor Station Structures Compressor Station Equipment Compressor Station Equipme			2 011 09	3 20		2 6/4 64
Transmission System Measuring and Regulating Station Structures				/		
243 Compressor Statton Equipment			Se 11 - Se -			· 6
Compressor Statton Equipment Measuring and Regulating Equipment Mains Miscellaneous Transmission Equipment Distribution Plant Land and Land Rights Land and Land Rights Land Rights Land Rights Rights-of-Way Structures and Improvements Equipment Appendix Brunding Regulating and Measuring Equipment Equipme		Other Transmission System Measuring and Regulating	Station Structure	8	. 3	*
Measuring and Regulating Equipment 35 652 86 189 84 128 96 35 713 78				1		
Mains Miscellaneous Transmission Equipment Miscellaneous Transmission Equipment			1.			
Distribution Plant Distrib			07.070.00.1	1		8
Distribution Plant Land and Land Rights Land Rights Land Rights Land Rights Land Rights Land Rights Rights-of-Way Structures and Improvements Repumping, legulating and Measuring Equipment Services Repumping, legulating and Measuring Equipment Repumping, legulating and Measuring legulating and Measuring legulating and Measuring legulating an			30 052 86	189 89	128 96	35 713 78
Land and Land Rights 375 45 93 99 469 44	240	Miscenaneous Transmission Equipment				
Land and Land Rights 375 45 93 99 469 44		Distriction De 1			· ·	
Land 375 45 93 99	950			-		
Land Rights			000.40			
250 3 Rights-of-Way 291 14 79 55 170 72			375 45		.0	169 44
Structures and Improvements 1,041-18 1,041-18 1,041-18 1,789-91 1			Acres 14			1 01
252 gPumping, Regulating and Measuring Equipment 1,884 91 95 00 1789 91 253 Mains 67305 23 1 241 38 68 446 61 259 Services 26 173 05 2 253 35 38 41 28 387 92 260 Meters 260 Meters 260-1 Meters 18,095 34 4 315 90 2 640 52 19 770 72 260-2 Meter Installations 5 175 90 355 72 21 13 5 510 49 260-3 House Regulators 15 432 11 4 095 03 293 05 11 043 93 260-4 Industrial Measuring Installations Included in a/c 252 260-5 House Regulator Installations 794 24 5 916 45 258 83 6 451 86 261 Other Property on Customers Premises 4 31 - 258 83 6 451 86 263 Street Lighting Equipment 264 Miscellaneous Distribution Equipment 190 07 Since Jan: 1st, 1940 Previous to Jan. 1st 1940 in a/c 260-3				79 55		
253. Mains 678205 23 1 241 38 68 446 61 259 Services 260 Meters 260 Meters 260-1 Meters 260-2 Meter Installations 75 175 96 355 72 21 13 5 510 49 260-3 House Regulators 15 432 11 4 095 03 293 45 11 043 93 260-4 Industrial Measuring Installations Included in a/c 252 260-5 House Regulator Installations 261 Other Property on Customers' Plemises 263 Street Lighting Equipment 264 Miscellaneous Distribution Equipment 265 Miscellaneous Distribution Equipment 266 Miscellaneous Distribution Equipment 267 Miscellaneous Distribution Equipment 268 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 261 Miscellaneous Distribution Equipment 262 Miscellaneous Distribution Equipment 263 Miscellaneous Distribution Equipment 264 Miscellaneous Distribution Equipment 265 Miscellaneous Distribution Equipment 266 Miscellaneous Distribution Equipment 267 Miscellaneous Distribution Equipment 268 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 261 Miscellaneous Distribution Equipment 262 Miscellaneous Distribution Equipment 263 Miscellaneous Distribution Equipment 264 Miscellaneous Distribution Equipment 265 Miscellaneous Distribution Equipment 266 Miscellaneous Distribution Equipment 267 Miscellaneous Distribution Equipment 268 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 261 Miscellaneous Distribution Equipment 262 Miscellaneous Distribution Equipment 263 Miscellaneous Distribution Equipment 264 Miscellaneous Distribution Equipment 265 Miscellaneous Distribution Equipment 266 Miscellaneous Distribution Equipment 267 Miscellaneous Distribution Equipment 268 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution E						
259 Services 26 173 05 2 253 35 38 41 28 382 69 260 Meters 18 095 34 4 315 90 2 640 52 19 770 72 260 2 Meter Installations 5 175 90 355 72 21 13 5 510 49 260 3 House Regulators 15 432 11 4 095 03 293 45 11 043 93 260 4 Industrial Measuring Installations Included in a/c 252 260 5 House Regulator Installations 794 24 5 916 45 258 83 6 451 86 261 Other Property on Customers Premises 4 31 263 Street Lighting Equipment 190 09 Since Jan. 1st, 1940 Previous to Jan. 1st 1940 in a/c 260 3 4 Amount Carried Forward 186 207 62 40 253 95 3 381 00 193 080 57			27.4		/	
260 Meters 260-1 Meters 260-2 Meter Installations 260-3 House Regulators 260-4 Industrial Measuring Installations Included in a/c 252 260-5 House Regulator Installations 261 Other Property on Customers' Premises 263 Street Lighting Lequipment 264 Miscellaneous Distribution Equipment 265 Miscellaneous Distribution Equipment 266 Meters 267 Other Property on Customers' Premises 267 Other Property on Customers' Premises 268 Street Lighting Lequipment 269 Meters 260-5 House Regulators 260-6 House Regulators 260-7 Other Property on Customers' Premises 260-8 A 31 261 Other Property on Customers' Premises 262 A 31 263 Street Lighting Lequipment 264 Miscellaneous Distribution Equipment 265 Miscellaneous Distribution Equipment 266 Miscellaneous Distribution Equipment 267 Miscellaneous Distribution Equipment 268 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 261 Miscellaneous Distribution Equipment 262 Miscellaneous Distribution Equipment 263 Miscellaneous Distribution Equipment 264 Miscellaneous Distribution Equipment 265 Miscellaneous Distribution Equipment 266 Miscellaneous Distribution Equipment 267 Miscellaneous Distribution Equipment 268 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 261 Miscellaneous Distribution Equipment 262 Miscellaneous Distribution Equipment 263 Miscellaneous Distribution Equipment 264 Miscellaneous Distribution Equipment 265 Miscellaneous Distribution Equipment 266 Miscellaneous Distribution Equipment 267 Miscellaneous Distribution Equipment 268 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 269 Miscellaneous Distribution Equipment 260 Miscellaneous Distribution Equipment 260 Mis					08	
Meters			26 173 05	2 253 35	38 41	24 382 93
260-2 Meter Installations 5 175 90 355 72 21 13 5 510 49 260-3 House Regulators 15 432 11 4 005 03 293 45 11 043 93 260-4 Industrial Measuring Installations Included in a/c 252 260-5 House Regulator Installations 794 24 5 916 45 258 83 6 451 86 264 Other Property on Customers Premises 4 31 4 31 263 Street Lighting Equipment 190 00 Since Jan. 1st, 1940 Previous to Jan. 1st 1940 in a/c 260-3 Amount Carried Forward 186 207 62 262 253 95 3 381 00 193 080 57					1.	DATE .
260-3 House Regulators 260-4 Industrial Measuring Installations Included in a/c 252 260-5 House Regulator Installations 261 Other Property on Customers Premises 263 Street Lighting Equipment 264 Miscellaneous Distribution Equipment 264 Miscellaneous Distribution Equipment 265 Since Jan. 1st, 1940 Previous to Jan. 1st 1940 in a/c 260-3 Amount Carried Forward 186 207 62 216 235 35 3 381 00 193 080 57				4 315 90	2 640 52	19 770 72
260 4 Industrial Measuring Installations Included in a/c 252 260 5 House Regulator Installations 794 24 5 916 45 258 83 6 451 86 261 Other Property on Customers' Premises 4 31 4 31 263 Street Lighting Equipment 190 00 Since Jan. 1st, 1940 Previous to Jan. 1st 1940 in a/c 260 3 Amount Carried Forward 186 207 62 260 235 35 3 381 00 193 080 57						5 510 49
260-5 House Regulator Installations 794-24 5-916-45 258-83 6-451-86 261 Other Property on Customers Premises 4-31 4-31 263 Street Lighting Equipment 190-00 190-00 Since Jan. 1st, 1940 Previous to Jan. 1st 1940 in a/c 260-3 Amount Carried Forward 186-207-62 253-35 3-381-00 193-080-57				*4 095 03	293 🗣 5	11 043 93
261 Other Property on Customers Premises 4 31 4 31 263 Street Lighting Equipment 190 00 264 Miscellaneous Distribution Equipment 190 00 Since Jan: 1st, 1940 Previous to Jan. 1st 1940 in a/c 260-3 Amount Carried Forward 186 207 62 235 35 3 381 00 193 080 57			/c 252	0	34	
263 Street Lighting Equipment 264 Miscellaneous Distribution Equipment 265 Since Jan: 1st, 1940 Previous to Jan. 1st 266 1940 in a/c 260-3 Amount Carried Forward 186 207 62 196 253 95 3 381 00 193 080 57			794 24	5 916 45.	258 83	. 6 451 86
264 Miscellaneous Distribution Equipment 190 00			4 31			4 31
Since Jan. 1st, 1940 Previous to Jan. 1st 1940 in a/c 260-3 Amount Carried Forward, 186 207 62 49 255 95 3 381 00 193 080 57				. 3		
1940 in a/c 260-3 Amount Carried Forward 186 207 62 40 253 95 3 381 00 193 080 57	264		190 00			190 00
Amount Carried Forward 186 207 62 00 253 95 3 381 00 193 080 57					b ?	4
		1940 in a/c 260-3		Sm. "		
		The state of the s	1. 190 000 00	- CAC-	0.00	A COLOR
$(A) \qquad (B) \qquad (C) \qquad (D)$		Amount Carried Forward	150 207 62	JH 502 39	3 381 00	193 080 57
	- 1		6. (A)	(B)	(C)	(D)

*Indicates red figures.

Detail Of
Property, Plant And Equipment
Gas

Indiana Gas Distribution Corporation Columbia System

For Period Ended December 31, 1941 72

10 9	166751
17.00	1 4545 7 15 1

Exhibit 266.)	1	1.	A "	
Eximore 200.7		Current Year		
Balance		*		

Ace't	Account Title.	Balance	Curre	nt Year	Balance
No.	Avecume True.	First of Year	Additions	Retirements	End of Period
	Amount Brought Forward	186,207,62	10 253 95	3 381 00	193 080-57
	eneral Plant		• •		
70	Land and Land Rights				
70-1	Land				
70-2	Land Rights	.0	0		
71	Structures and Improvements	-			
	Office Furniture and Equipment	788 22		-	788 22
	Transportation Equipment.	. 45,			
73-1	Automobiles and Trucks	3 056 55	59 32		3 115 87
73-2	Other Automotive Equipment .	0 000 00			
73-3	Trailers	85 34	118 20		203 54
73-4	Other		110 20	0.	200 04
		Le Vi			
	Stores Equipment	77			
	Shep Equipment		*		J
	Laboratory Equipment			*	
	Tools and Work Equipment	768 75			768 75
	Communication Equipment	• -		-	
79	Miscellaneous General Equipment	differen	/~	-	
0			*		
	· Pr			متر ال	
4	(a)				
		4			
					•
		,			
					4
00	Other Tangible Property				
	Gas Plant Purchased		* 1		
	Gas Plant Sold				
	Gas Plant in Process of Reclassification				
70	Oas Flant in Frocess of Reclassification				
					> -
Part .				-	
				A -	1
.1				•	
					**,
	Total Gas Plant In Service	199 906 48	10 431 47	3 381 00	197 956 95
22 G	as Plant Leased to Others			4	
-23 G:	as Plant Held for Future Use				
-24 G:	as Plant Acquisition Adjustments	•			
25 G	as Plant Adjustments				
		1 14			
			O o		
4		Ġ.	b		1
. T	otal Property, Plant And Equipment-Gas				1.
	Page 1-Line 14	190 906 48	. 10 431 47	3.381.00	197 956 95

Detail Of Property, Plant And Equipment . Gas

* (A)

(C)

(D)

16-1 100701	. Fadanal	Dames Commission	-May 7-1942-Received	3
101. 100/01	A rederal	Power Commission-	-May 7-1942- Received	а.

				• •		March	31st		Ξ.			Incre	0000	
Line No.	(A)	.0.		1 9- (F				19			•	Dec	creas	
1	Assets													
2	Gas Plant		\$85	156	035	11	\$66	407	005	40	\$18	749	029	71
3	Investments And Fund Accounts				· (e		. 4		6	9 .	-	1	-	
4	Other Investments			297	115	35 (1)	. *	218	928	55	3	078	187	0
5. •	Current And Accrued Assets			- coprison de marrie		. ,		-	ZZ.		**			-
6	Cash			949	285	90	.5	79:	163	10.	. 1	158	122	9
7	Special Deposits				017				828			465		
8	Working Funds (Petty Cash ,			200		. 20	, .	.000		20		100	010	
9	and Advances)	6		90	774	44	. *	Q	937	07		11	837	8
10	Accounts Receivable		1	806			1		.521		15		688	
11	Interest and Dividends		-		-00		•	100	.021	4		010		•
12	Receivable			- 8	470	. 73			691	57		. 7	779	1
13	Materials and Supplies				129			259	513				616	
14	Prepayments	•		-	199	-			185	-			014	
		- ·		3										
15 .	Total Current and Accrued Assets		6	723	086	84	9	343	839	29		379	247	
16	Deferred Debits	. 4							E.					
17_	- Unamortized Debt Discount									=				
18	and Expense	• .	20		-6		2	.158	254	43	+2	158	254	4
19	Clearing Accounts	4	-	13	200	67	-0	5	609	86		7	59Q	8
20	Retirement Work in Progress		- 4	* +1	145	77		.4	577	40	**	+5	723	1
21	Other Work in Progress			298	803	89		655	560	49		+356	756	1
22	Other Deferred Debits			63	786	73			349	20		63	437	-
23	Total Deferred Debits			374	645	52	2	824	351	38	+2	449	705	8
24 .	Total Assets And Other Debits		900	550	000	00 .	-		124				758	

This Exhibit was requested at T 10,583 and should be added to the Permanent file of Exhibits received.

S. H. Crosby, Tria Examiner, May 8, 1942

Exhibit 267

Panhandle Eastern Pipe Line Company And Subsidiary Companies

Page 1

Panhandle Eastern Pipe Line Company And Subsidiary Companies Comparative Balance Sheets — Per Books March 31, 1942 And March 31, 1941

· ·		•		8	Mar	rch 3	lst		팔.					2	
Line			19	12				194			of the Aug. States		nere	ase	
No.	(Ab)		.(1					(,C	-			or	(D		e
1	Liabilities	-	,		-				ğ.						
			. •	*.		0								,	
2	Capital Stock	***	104		20							*			
3	Common Capital Stock		184					184					- 1/2		
4	Preferred Capital Stock	16	.000	000	00		31	000	000	00		\$ 5	000	000	00
5	Total Capital Stock	. 36	184	175	00		31	184	175	00		5	000	000	00
6	Long-Term Debt	•.		•		0									
7	Bonds	-28	250	000	00.		18	250	000	on.		10	000	000	00.
8	Miscellaneous Long-Term Debt	1000	004					022		. "				612	
. 9	Total Long-Term Debt	.33	254	500	88		23	272	113	66		9	982	387.	22
10	. Current And Accrued Liabilities						***				*				1
1.1	Accounts Payable	•	511	684	35			228	322	92			282	360	43
12	Dividends Declared		-	683					000					683	
13	Matured Long-Term Debt			781		٠. ،	1	659						013	
14	Matured Interest			720					380			-		660	
. 15	Customers' Deposits	٠		555		•				-00				555	
16 .	Taxes Accrued	4	941				2	975	190	46				384	
. 17	Interest Accrued			401					260					141	
18	Other Current and Accrued		76		00								•••	1	
19	Liabilities		4	969	28			2	410	10			2	559	18
	d .	-												000	• • •
20	Total Current and Accrued		1			21				,					
21	Liabilities	6	277	379	01		5	261	369	12		1	016	.009	89
		-										•			
22	Deferred Credits	. 1			2										
23	Other Deferred Credits		45	342	61	٠.		43	355	32	*		, 1	987	29
24	Reserves	-											-	-	
25	Reserve for Depreciation of	Dir.	0		.*						4				
26	Gas Plant	12	428	678	60			929	025	99		3	400	652	88
27	Reserve for Amortization and		1	0.0		3 .	0	323	0.20	32			100	002	00
-	Depletion of Producing Natural	6			3		ō							- 0	
29	Gas Land and Land Rights	7 .	_465	126	01	•		381	535	00	- 0		83	591	01.
30	Reserve for Abandoned Leases			217		=			458					758	
31	Reserve for Uncollectible Accounts			665					119			. *	-	545	
32	Injuries and Damages Reserve			354					249					104	
33	Other Reserves			704					800		3-1			903	
34	Total Reserves	14	469	745	88	7	10	438	189	72	i	34	031	556	16
		-			-			-			. 3				•
35	Contributions In Aid Of		**	050				40	200					450	00
36	Construction		05	050	23		15	40	596	91			13	453	02
37	Surplus														-
. 38	Paid in Surplus (Premium on 5.60%				* •	,									
39	Cumulative Preferred Stock)	13	49	489	93		0		ď	_			42	489	93
40	Earlied Surplus	2			18(2)		554	324	80	. 5			125	
-51		.44		100	10(1	•		501	.,	99			302		
41	Total Surplus	8	264	680	11	37	8	554	324	89			289	635	78
42	Total Liabilities And Other		-01	Cir			0.	301		,	:			7	
43	Credits	\$98	550	883	02		278	794	124	62		\$19	756	758	40
	As .														

[fol. 16678]

Exhibit 267

Schedule 1

Page 3

Companies Notes to Balance Sheets

Line,

(A)

- (1) Including \$3,110,000 principal amount of United
- 2 States Treasury Notes of Tax Series B 1943a
- 3 Tax anticipation Notes
- 4 42) Serplus is restricted by supplement dated Jan 5, wary 1, 1942 to the Mortgage and Deed of Trust
- 6. dated November 1, 1940 as to payment of day
- dends, in the amount of \$2,849,476.45.

Three Months Ended March 31

		194	2:			1, 9	41				Incre Dec		
(A)		(B)		150	• •		2)*	1 .			(D		
Income		e.			- Transie		.1			- managed			andia.
Operating Revenues	1			Ł	0 1				74			- "	
Gas			0										
Residential	. 2	31 -2	394 6	8		25	743	59			5	651	. 0
Compercial	•		315 2				312			•		302	
○Industrial	•	274 0					374						
					2					1		653	
Sales to Gas Utilities	0.	294 3			. 4	689				- 1	604		
Other Sales — Field		0	9 10					20				+34	
Gasoline	•	207 9			:		410					507	
Pipe Line Rentals			000 00			2	250	00				750	
Miscellaneou		3.5	578,5	1		2	174	58			1	403	96
Total Operating Revenues	,5	819 9	41:59	9	5	11/2	160	97			707	780	6:
					4.5				-		9.8	-	
Operating Revenue Deductions	•	1		2				*		9			
Operation and Maintenance	-	- 12	2									- :	
Production		168 8	90 2	3 .		152	209	47			16	680	7
Gas Pürchased.		378 8				356						512	
Transmission		645 7					238		-		149		
		•								1			
Distribution	-0	2 4	34 22		•	2	498	20	- 1	and the said		+64	· U
Customers Accounting and					•				September 1				
Collecting			05 81				113					992	
Sales Promotion			35 03		-		932					297	
· Administrative and General	-	229, 1	09 76	5.	:		402			٥.	6.1	707	
Non-Operating Expense		1.9	34 49) 1	•	. 1	404	02		•		530	4
Gas Used in Operating Etc		- "								•			
Credit		288 7	20.18	3		+246	442	82			+42	277	3
Depreciation (Including Amorti-			0										
zation)		696 7	22 8/	1		674	779	61	*		21	943	2
Amortization and Depletion of		0.50	0			0.1		01	1.		-1		•
		27 9	61 96			04	547	20			. 9	413	
Producing Land and Land Rights	. 0			-	•				1	•			
Abandoned Leases		18 5	87 21			18	962	11	1.		1	375	ð
Amortization of Other Limited		30								2			
Term Gas Investments		83 1	69 59			83	5 09	67			. •	340	. (
Charges in Lieu of Federal Income							10			1			
and Excess-Profits Taxes	. ,					236	300	00			236	300	0
Taxes	- 1					1							-
State, Local and Miscellaneous						13			•				
Federal	1.	233 1	13 59			236	838	.56			+3	724	.0
Federal Income		875 13				584				-	290		
Federal Excess-Profits		034 5				348			1		685		
rederal facess-fronts		004 0	39 02			030	000	31			000	000	
Total Operative Revenue Deduc-			2	6	8		٠٠٠,		j.		-	3	
tions	4	122 2	63 93	1	3	191	235	07			931	028	8
				•	11	h			-	-		-	-
Net Operating Revenue	. 1 (697 6	77 66		. 1	920	925	900		+	223	248	2
										4	-	-	_
				Bee						1			
Other Income													1
Other Income	0	170	DO COM	-		. 4	2000	6.363	_				
Other Income	0	7 2	28 88	-		4	579	28		1	2	649	0
		704 9				925	-			• •	220		

[fol. 16680]

Exhibit 267 Panhandle Eastern Pipe Line Company And Subsidiary Companies Comparative Earnings Summary — Per Books Three Months Ended March 31, 1942 And March 31, 1941

Page 2

Schedule 2

Three Months Ended March 31

Line No.	(A)	1942 (B)	1941 (C)	Increase or Decrease (D)
. 1	Income Deductions			
2	Interest on Long-Term Debt	\$ 230 348 39	\$ 377 357 38	\$*147 008 99
3 .	Amortization of Debt Discount and			
. 1.	Expense		27 486 70	127, 486, 76
	Other Interest Chares	8 826 31	2 092 75	6 733 56
. 0.	Integrat Charged to Construction			
	Condit	62 131 02		52 131 02
8.".	Total Income Deductions .	. 187 043 68	406 936 83	÷219 893 15
100	Net Income	\$1 517 862 86	\$1 518 568 35	* *705.49.
10	Notes:			
41	The provision for Federal Income and Excess-l	Profits Taxes for the three		
12 1	month period ended March 31, 1942 while bas 1941 includes an amount in anticipation of new l	sed on the Revenue Act of		
rii .	The operations of Michigan Gas Transmission Co			
15	Distribution Companies acquired	f February 6, (942) are in-	15	
16	cluded in figure for the three month period er have been restated in certain instances for purp	nded March 31, 1941 which		
	tor purp	ose of comparison.		

fol: 16681

Exhibit 267
Panhandle Eastern Pipe Line Company and Subsidiary Companies
Adjusted Comparative Earnings Summary

Three Months Ended March 31, 1942 And March 31, 1941

Page 1

Schedule 3

. Three months erded March 31st

Commercial 5 615 27	Commercial 3 31 394 68 25 743 59 5 651 652 651 652 77 5 5 312 82 630 651 652 743 59 5 652 743 59 5 651 652 743 59 654	ne o			194 (B)			1		4 1 (C)	,	, ·	Increa Decre	еаве	
Commercial Society Commercial Society	Residential 31 394 68				,	-	4.	5							-
Residential 31 394 68 25 743 59 5	Case Residential 3 3 3 4 68 2.5 7 43 56 56 56 56 16 Commercial 5 615 27 5 312 82 302 16 Industrial 724 (28 12 258 374 25 15 652 10 65 50 14 16 68 55 50 14 16 68 65 16 68 16 68 16 68 16 68 16 68 16 68 16 68 16 68 16 68 16 68 16 68 16 68 16 16	1			1	0	200			E7		. 0	. 01		
Residential	Residential	_				,		7 1	9				. 1	4 3	4
Commercial 5 615 27	Second Commercial	3 .			01'1		00			- 40	-6	1			01
Industrial 274 028 12	Industrial 274 (28 12 258 374 28 15 652 Sigley to Gas Utilities 5 294 397 44 4 (889 \$51.54 694 \$452 Other Sales — Field 9, 10 43 20 34 Case-line 7 100 100 100 100 100 Pipe Line Rentalls 3 666 00 2 250 00 750 Miscellaneous 3 578 54 -2 171 58 1498 Internation and Maintenance 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 680 Operating Revenue Deductions 168 890 23 152 209 47 16 80 Operating Revenue Deductions 168 890 23 169 59 16 88 59 Operating Revenue Deductions 168 890 23 169 25 50 18 Operating Revenue Deductions 168 890 23 169 25 50 18 Operating Revenue Deductions 168 890 23 169 25 50 18 Operating Revenue Deductions 168 890 23 169 25 50 18 Operating Revenue Deductions 168 890 23 169 25 50 18 Operating Revenue Deductions 168 890 23 169 25 50 18 Operating Revenue Deductions 168 890 23 169 25 50 18 Operating Revenue Deductions 168 890 23 169 25 50 18 Operating Revenue Deductions 168 890 23 169 25 505 18 Operating Revenue Deductions 168 890 23 169 25 505 18 Operating Revenue Deductions 168 890 23 169 25 505 18 Operating Revenue Deductions 168 890 23	_	W.					. •				. 0	9		
Sigles to Gas Utilities	Sigles to Gas Utilities)	0		400										
Other Sales—Field Gasoline Gasoline Pipe Line Rentals Jacob (100 of 200	Other Sales—Field Case-line Page Line Rentals Adomic Page Line Rentals Adomic Revenue Deductions Operating Revenue Deductions Operating Revenue Deductions Operation and Maintenance Production Gas Purchased Transmission Obstration Customers Accounting and Gollecting Sales Promution Administrative and General Accounting Line Sales Case Lised in Operation set Credit Sales Case Lised in Operation set Credit Sales Case Lised in Operation set Credit Sales Sales Case Lised in Operation Castomers Accounting and Gollecting Sales Promution Administrative and General Accounting Lised in Operation set Credit Sales Case Lised in Operation set Credit Sales Case Lised in Operation Case Case Sales Ca			1 =	-										
Casedine 207 918 44 128 410 96 79 Pipe Line Rentyls 3 060 00 2 250 00 Miscelláneous 3 787 54 72 170 58 Total Operating Revenue Beductions Operating Revenue Deductions Operating Revenue Opera	107 918 44	ς.		5	294				4: 685				604		
Pipe Line Rentals 3 966 00 2 250 06 Miscelláneous 3 788 54 2 175 58 1	Procline Rentals 3 666 60 2 250 00 750 0			1				4.				5 "			
Total Operating Revenues 5 819 941 59 5 112 160 97	Miscelláneous 3 578 54 2 176 58 1 408 Intal Operating Revenue Deductions 5 819 941 59 5 112 160 87 207 780 comperating Revenue Deductions 5 819 941 59 5 112 160 87 207 780 comperating Revenue Deductions 6 890 23 6 890 47 6 800 23 6 890 47 6 800 23 6 890 47 6 800 23 6 890 24 6 890 24 6 890 24 6 890 24 6 890 24 6 890 25 6												- 49		
Total Operating Revenues	Total Operating Revenues 5 819 941 59 5 112 160 8 70 780 6 7							. ,		0.17					
Operating Revenue Deductions	Deperating Revenue Deductions Separation and Maintenance Production Separation and Maintenance Production Separation Sepa		Miscellaneous		3	578	54 -		1 10	2 174	58	1	· - 1	400	7
Operating Revenue Deductions Operation and Maintenance Production Operation and Maintenance Production Operation Ope	Deperating Revenue Deductions Separation and Maintenance Production Separation and Maintenance Production Separation Sepa				-	•	•		-		-	1	/	1	
Operation and Maintenance	Speration and Maintenance Froduction 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 169 25 1		Total Operating Revenues .	∘., 5	819.9	941	59	a ·	5 113	2 160	87	1	-707	780	6
Production 168 890 23 152 209 47 16 168 September	Speration and Maintenance Froduction 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 152 209 47 16 680 168 800 23 169 25 1	:		9		1	6	\$			1	8 5	13-12	-	• -
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Gas Purchasèd 378, 884 90, 356 372 20 22 Transmission 645 760 43. 496, 238 02 149 Distribution 2 434 22 2 498 25 Customers Accounting and Gollecting 9 105 81 7 113 62 1 Sales Promotion 5 635 03 8 932 45 33 Administrative and General 229, 109 76 204 402 40 24 Non-Operating Expense 1 934 49 1 404 02 Gas Used in Operation, etc. Credit 9 288 720 18 246 442 82 42 Depreciation (Including Amortization) 696 722 84 674 779 61 21 Amortization and Depletion of Producing Land and Land Rights Abandoned Leases 18 587 21 18 962 77 Amortization of Other Limited Term Gas Investments 83, 169 59 83 509 67 Chargès in Lieu of Federal Income and Excess Profits Taxes 236 300 00 236 Taxes State, Local and Miscellaneous Federal Profits 117 900 00 584 685 49 533 Federal Revenue Deductions 4433 989 26 3 191 235 07 1 242 Net Operating Revenue Deductions 1 385 952 33 1 920 425 90 534 Other Income	Gas Purchased Transmission 1645 760 43. 496 238 02 149 522 Transmission 17560 43. 496 238 25 Transmission 17560 43. 496 238 02 149 522 Transmission 17560 43. 496 25 Transmission 17560 43. 496 25 Transmission 17560 436 25 Transmission 17560 43. 496 25 Transmission 17560 43. 496 249 25 Transmission 17560 43. 496 249 249 Transmission 17560 436 25 T		1140						4			A			5
Transmission	Transmission											0 .		100	
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Customers Accounting and Gollecting 9 105 81 7 113 62 1 Sales Promotion 5 635 03 8 932 45 3 Administrative and General 224 109 76 204 402 40 24 Non-Operating Expense 1 934 49 1 404 02 Gas Used in Operation, etc Credit 208 720 18. 246 442 82 42 Depreciation (Including Amortization) 606 722 84 674 779 61 21 Amortization and Depletion of Producing Land and Land Rights 27 961 34 24 547 39 3 Abandoned Leases 18 587 21 18 962 77 Amortization of Other Limited Term Gas Investments 83 169 59 83 509 67 Charges in Lieu of Federal Income and Excess Profits Taxes 236 300 00 236 Taxes State, Local and Miscellaneous Federal Income 11 17 900 00 584 685 49 533 Federal Excess Profits 1 103 500 00 348 883 97 754 Total Operating Revenue Deductions 4 433 989 26 3 191 235 07 1 242 Net Operating Revenue 1 1 385 952 33 1 920 425 90 334 Other Income	Customers Accounting and Gollecting		Transmission		645	760	43.		: 49	3,238	02		149	522	.4
Sales Promotion 5 635 03 8 932 45 73 Administrative and General 229 109 76 204 402 40 24	Sole Promotion			.631	2	134	22		1 1	2 498	25	-		+64	(
Sales Promotion 26 635 03 8 932 45 3	Sales Promotion 5 635 03 8 932 45 3 297 Administrative and General 220 109 76 204 402 40 24 707 Non-Operating Expense 1 934 49 1 404 02 530 Credit 288 720 18 246 442 82 42 277 Depreciation Uncluding Amortization and Depletion of Producing Land and Land Rights 27 961 34 24 547 39 3 443 Amortization and Depletion of Producing Land and Land Rights 27 961 34 24 547 39 3 443 Amortization of Other Limited Term Gas Investments 83 169 59 83 509 67 346 Charges in Lieu of Federal Income and Excess Profits Taxes 236 300 00 236 300 Sales Profits Taxes 236 300 00 236 300 Federal Income 1 117 900 00 584 685 49 533 214 Federal Excess Profits 1 103 500 00 348 883 97 754 618 Set Operating Revenue Deductions 4 433 989 26 3 191 235 07 1 242 754 Set Operating Revenue 1 385 952 33 1 920 4725 90 534 978 Set Income 7 228 88 4 579 28 2 649	0.	Customers Accounting and		-50	0					10.		< 0 .	4	
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Credit C	Gas Used in Operation, etc. Credit		Administrative and General	419	229	109	76	الأام	20	4 402	40	1 3	24	707	0 0
Credit	Credit		Non-Operating Expense		. 1 !	934	49			404	02	, ,		530	14
Depretitation (Including Amortization) 696 722 84 674 779 61 21	Depretitation (Including Amortization of Land Depletion of Producing Land and Land Rights Abandoned Lenses 18 987 21 18 962 77 375	6	Gas Used in Operation, etc -		\$1º	٠, ٠				-15			30	19.	
Zation G96 722 84 G74 779 61 21 Amortization and Depletion of Producing Land and Land Rights 27 961 34 24 547 39 3 Abandoned Leases 18 987 21 18 962 77 Amortization of Other Limited Term Gas Investments S3.169 59 83 509 67 Charges in Lieu of Federal Income and Excess Profits Taxes 236 300 00 236 Taxes State, Local and Miscellaneous Federal Income 117 900 00 584 685 49 533 Federal Excess Profits 1 103 500 00 348 883 97 754 Total Operating Revenue Deductions 4 433 989 26 3 191 235 07 1 242 Net Operating Revenue 1 385 952 33 1 920 425 90 534 Other Income 1 385 952 952 952 535 Other Income 1 385 952 952 952 535 Other Income 1 385 952 952 535 Other Income	23 113 59 236 338 56 237 248 24 547 288 24 547 288 24 547 288 24 547 288 24 547 288 24 547 288 24 547 288 24 547 39 3 3 413 34		Credit ♥	4	288	720	18.		+246	6 442	82	d ,mg *	+42	277	
Amortization and Depletion of Producing Land and Land Rights Abandoned Leases Abandoned Leases Amortization of Other Limited Term Gas Investments Charges in Lieu of Federal Income and Excess Profits Taxes State, Local and Miscellaneous Federal Federal Income Federal Excess Profits Total Operating Revenue Deductions Net Operating Revenue Other Income Other Income Other Income Abandoned Leases 18 962 77 83 169 59 83 509 67 83 509 67 83 509 67 83 509 67 83 509 67 83 509 67 83 509 67 84 685 49 85 536 117 900 00 117 900 00 117 900 00 118 962 77 83 509 67 84 685 49 53 53 1 103 500 00 348 883 97 754 Other Income	Amortization and Depletion of Producing Land and Land Rights Abandoned Leases Abandoned Leases Amortization of Other Limited Term Gas Investments Charges in Lieu of Federal Income and Excess Profits Taxes State, Local and Miscellaneous Federal Federal Income' Federal Excess Profits Cotal Operating Revenue Deductions Fed Operating Revenue 1 385 952 33 1 920 425 90 534 978 Taxes Automatical Rights 27 961 34 24 547 39 3 443 28 547 375 88 569 67 340 88 569 67 340 89 568 300 00 326 300 236 300 00 326 300 237 54 685 49 533 214 103 500 00 348 883 97 754 616 Cotal Operating Revenue 1 385 952 33 1 920 425 90 524 978 The Producing Revenue 1 385 952 33 1 920 425 90 524 978 28 56 565 18 565 32 323 28 563 323 323 323 323 323 323 323 323 323 3	٠.	Depreciation (Including Amorti-		0 .						•		e	04'	7
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Abandoned Leases	Abandoned Leases Amortization of Other Limited Term Gas Investments Charges in Lieu of Federal Income and Excess Profits Taxes State, Local and Miscellaneous Federal Federal Income' Federal Excess Profits Cotal Operating Revenue Taxes Set Operating Revenue 1 385 952 33 11 920 925 90 124 978 Taxes Taxes Taxes Taxes State, Local and Miscellaneous Federal Federal Income' Federal Excess Profits Taxes Taxes Taxes Taxes State, Local and Miscellaneous Federal Federal Income' Federal Excess Profits Taxes Ta		Amortization and Depletion of		***	0	c	. 20			20	252	. 9		
Abandoned Leases Amortization of Other Limited Term Gas Investments Charges in Lieu of Federal Income and Excess Profits Taxes State, Local and Miscellaneous Federal Federal Income Federal Excess Profits Total Operating Revenue Deductions Net Operating Revenue Other Income Amortization of Other Limited 83.169 59 83 509 67 83.169 59 83 509 67 236 300 00 236 236 300 00 236 237 236 838 56 23 237 248 237 248 248 883 97 258 258 258 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 27 268 28 268 28 268 28 268 28 27 28 28 28 28 29 20 20 20 20 20 20 20 20 20 20 20 20 20	Abandoned Leases Amortization of Other Limited Term Gas Investments Charges in Lieu of Federal Income and Excess Profits Taxes State, Local and Miscellaneous Federal Federal Income' Federal Excess Profits Cotal Operating Revenue Taxes Set Operating Revenue 1 385 952 33 11 920 925 90 124 978 Taxes Taxes Taxes Taxes State, Local and Miscellaneous Federal Federal Income' Federal Excess Profits Taxes Taxes Taxes Taxes State, Local and Miscellaneous Federal Federal Income' Federal Excess Profits Taxes Ta		Producing Land and Land Rights		27	961	34.	٠	2	1 547	39		. 3	413	1
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Other Income	ner Income	7	Not Owned to Bo		202	oso.	29		1 00	1 4005	eno.				
	nternal Revenues 7 228 88 4 579 28 2 649		Net Operating Revenue	. 1	383	952	30	-	1 - 1912	9 2923	10		13.94	919	4
	nternal Revenues 7 228 88 4 579 28 2 649	. 0	Oak a tanka	* * * * *	2 4			0	1 "	***		5		3	
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	ss Income \$1 393 781 21 \$1 925 505 18 \$532 323		Internal Revenues		7	228	88	,		579	28		2	049	*
	iss Income	- 4		7			-	1				0. 1		200	

Schedule 3 ~ Page 2	Ince months ended March 9180. 194 f Decrease (C) (D)	377 357 38 8* 147 008 99 27 486 70 * 27 486 70 2 092 75 6 733 56	406 936 83 +219 893 15	\$1 518 568 35 \$*312 430 82		
Exhibit 267 sudle Eastern Pipg Line Company And Subsidiary Company - Adjusted Comparative Earnings Summary [bree Months Ended March 34, 1942 And March 31, 1941	1 9 4.2 1 9 9 ((B) ((B)	\$ 230 348 39 \$ 377 8 826 31 22	52 131 02 187 043 68 406	\$1 20¢ 137 53 \$1 518	rofits Taxes for the three pon rates proposed by the use Ways and Means Com-	repration and Indiana Gas February 6, 1942), are in- ied March 31, 1941 which
Exhibit 267 Panhandle Eastern Pips Line Company And Subsidiary Companies Adjusted Comparative Farnings Summary Three Months Ended March 34, 1942 And Jarch 31, 1941	(A)	come Deductions Interest on Long Term Debt Amortization of Debt Discount and Experior. Other Interest Charges	Credit Credit otal Income Deductions		Notes: The provision for Federal Income and Excess Profits Taxes for the three months period ended March 31, 1942 is based upon rates proposed by the Secretary of Treasury Morgenthay before the House Ways and Means Committee March 3, 1942.	The operation of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation (companies acquired February 6, 1942) are included in figure for the three month period ended March 31, 1941 which
		Income Deductions Interest on Long Term Amortization of Debt I and Experses. Other Interest Charges	Interest Charged to Con Credit Total Income Deductions	Net Income	Notes: The provision for Fedmonths period ended Secretary of Treasury mittee March 3, 1942	The operation of Distribution of claded in figure

*Indicates red figures.

1. 16683] 🕒 💍 Exhibit 267		Page 1
Panhandle Eastern Pipe Line Company	And Subsidiar	y Companies
(Including Michigan Gas Tansmis		
Indiana Gas Distribution		
Gas Plant — Per		
March 31, 194		* *
(A)		(B) •
1,000		
Intangible Plant		/
Organization		8 125 625
Franchises and consents	*	355
Miscellaneous intangible plant		149 033
The contract of the contract o		*
Totals Intangible Plant	-1	275 914
Totals Intanguite I mate.		
Production Plant		
(a) Natural Gas Production Plant	, , ,	
Natural gas producing leaseholds —	drilled	1 019 620
Natural gas producing leaseholds —		750 901
Other land and land rights	not dimen	299
Other production system structures		47 797
Producing gas wells — well constru		2 078 583
· Producing gas wells — well equipm	etion and	609 458
	ent	20 696
Drilling and cleaning equipment	7	704 284
Purification and residual refining ed	quipment.	
Other production equipment		826
		* 000 400
Totals Natural Gas Production Plant		. 5 232 .466
Transmission Plant	•	- 140.044
· Land		142 944
Land rights	.**	1,437 601
Pumping station structures		1 867 564
Measuring and regulating station stru	ictures	127 595
Other transmission structures		516 432
Maine		56 267 396
Pumping station equipment		10 808 989
Measuring and regulating station equ	ipment	680 555
Other transmission equipment		48 022
Totals Transmission Plant		\$71 897 101
95		
	100	

351 953 13

\$85 156 035 11

- 1			astern Pipe Line Comp ing Michigan Gas Tran		
			Indiana Gas Distribut		
		1	. Gas Plant - I		
			Aarch 31,	1942	
	٠		(A)		(F

	5.1		-
Distribution Plant	. •	**, *	
Land and land rights	Sn spread	9	641 17
Structures and improvements .			041 18
Mains			446 61
Pumping and regulating equipment	. 4		789 91
Services		-	383 30
Meters			976 52
Meter installations			496 89
House regulators and installations •			225 09
Other distribution equipment	4		194 31
other distribution equipment	2		194 91
Takala Distribution Disma	9 /3	149	194 98
Totals Distribution Plants		142	194 99
General Plant		-	
General office structures		-	
		. 101	497 41
Office furniture and equipment	•		
Transportation equipment			219 02
Stores equipment		1.70	979 -30
Shop equipment			
Laboratory equipment			550 71
Tools and work equipment			494 24
Communication equipment			556.79
Miscellaneous equipment		2.	097 05
Totals General Plant	•	718	394 52
	4.	-	-
Other Undistributed Gas Plant			
Undistributed gas plant			730 34
Gas plant purchosed		439	326 08
Totals Other Undistributed Gas Plant		459	056 42
			-
Total Gas Plant Classified :		78 724	229 17
Ø.		*	
Construction work in progress		5 120	495 16
Gas sales and purchase contracts		2 930	286,40
Reserve for amortization of gas sales and	purchase contra		

Consolidation reduction in investment in subsidiary company *139 500 00 .

Gas Plant

Other gas sales and purchase contracts

^{*}Indicates red figures,

[fol. 16686]

Petition.

(Received February 28, 1941, Federal Power Commission)

Before the

Federal Power Commission.

ty of Detroit and County of Wayne, Municipal Corporations, Complainants,

No. G-200 vs.

Yanhandle Eastern Pipe Line Company, and Michigan Gas Transmission Corporation, Defendants.

Petition

To the Honorable Members of the Federal Power Commission:

The City of Detroit and the County of Wayne, municipal corporations in the State of Michigan, respectfully show:

First: The complainants are the City of Detroit, a municipal corporation, and the County of Wayne, a municipal corporation, both established and existing under and by virtue of the laws of the State of Michigan, and both of which are municipalities within the meaning of the Rederal Natural Gas Act. Said petitioners represent the interest of the customers of Michigan Consolidated Gas Company which distributes natural gas having its source in Texas and Kansas to approximately 450,000 residential, house heating, commercial and industrial customers in the City of Detroit and in and throughout the County of Wayne, in the State of Michigan.

[fol. 16687] Second: The defendant, Panhandle Eastern Pipe Line Company, is a corporation organized and existing under the laws of the State of Delaware, and is engaged in the transmission and sale of natural gas in interstate commerce, transporting said gas from fields in the states of Texas and Kansas to the lines of Michigan Consolidated Gas Company, in the County of Wayne, State of Michigan, in the vicinity of the City of Detroit, and said Panhandle Eastern Pipe Line Company sells said natural gas to said

Michigan Consolidated Gas Company at said point of de-, livery aforesaid.

Third: Michigan Gas Transmission Corporation is a corporation organized and existing under the laws of the State of Delaware, and is a natural gas company as defined by the Federal Natural Gas Act, being engaged in the transmission of natural gas from the State of Indiana in and to the State of Michigan, and that said Michigan Gas Transmission Company is engaged in the transportation of the natural gas being sold by Panhandle Eastern Pipe Line Company to Michigan Consolidated Gas Company, transporting said natural gas from the Illinois-Indiana state line to said distribution system of Michigan Consolidated Gas Company near the City of Detroit in the County of Wayne, performing said transportation service for said Panhandle Eastern Pipe Line Company under contract. Said Michigan Gas Transmission Corporation is affiliated with said Panhandle Eastern Pipe Line Company in that both of said companies are controlled by Columbia Gas and Electric Company.

Fourth: The rates and charges of said Panhandle Eastern Pipe Line Company to Michigan Consolidated Gas Company are governed by a certain contract dated August 31, 1935, between Panhandle Eastern Pipe Line Company and Detroit City Gas Company, the predecessor of Michigan Consolidated Gas Company, as amended by supplemental agreements. Under the terms of said contract as supplemented, there is provided a demand charge of 58 cents per therm per month, based upon the maximum daily. demand in the months of December, January, February and March, and a commodify charge of 1.5, cents per therm. [fol. 16688] A special provision is made in respect to computing the cost of gas for house heating customers up to a maximum of 25,000 customers. There are at the present time approximately 40,000 house heating customers and there are available a large number of additional customers for house heating gas.

• Fifth: Under the terms of said contract, the cost of gas to Michigan Consolidated Gas Company cannot be definitely known, but said average cost has varied from a low of approximately 32 cents per thousand cubic feet of natural

gas, to upwards of 34 cents. The cost of house heating gas for the first 25,000 customers has been approximately 41 cents per thousand cubic feet, but for customers in excess of 25,000, the price of said gas as the same may be estimated, will be approximately 62 cents per thousand cubic feet. The exact price of said gas cannot be known until the maximum day's delivery during the winter season of 1940-1941 is ascertained, and the demand charge computed upon—said maximum delivery will be applicable for one year from and after April 1st, 1941.

Sixth: Your petitioners charge that the cost of gas to said Michigan Consolidated Gas Company is excessive and that the rates and charges maintained by Panhandle Eastern Pipe Line Company and the division thereof to Michigan Gas Transmission Corporation are unjust and unreasonable as the same affect the interest of domestic and house heating customers of Michigan Consolidated Gas Company for said gas, and said rates, charges and divisions are unjust and unreasonable as they affect the rates and charges of said Michigan Consolidated Gas Company in the commercial and industrial classifications.

Seventh: Said Panhandle Eastern Pipe Line Company. in violation of the provisions of the Natural Gas Act, maintains an unreasonable difference in rates and charges as between house heating customers, and has adopted a general system and plan whereby a demand for house heating service should be fostered, and when said demand should result in the acquisition of substantially more than 25,000 [fol. 16689] customers, a marked increase in cost for such additional customers should ensue, with the result that the claim would arise on the part of Michigan Consolidated Gas Company for a general increase in the house heating rate. That such claim has already materialized and has found favor with the Michigan Public Service Commission. the body having the authority to fix rates for Michigan Consolidated Gas Company, and said Michigan Public Service Commission has granted an increase in said house. heating rate and has predicated said increase upon the additional cost of gas to serve house heating customers in excess of 25,000, as provided by the contract above referred to.

(D) (S)

Eighth: Wherefore, the complainants pray for an investigation by the Federal Power Commission, a finding that the rates and charges of said Panhandle Eastern Pipe Line Company are unjust and unreasonable, are unlawfully preferential and work undue prejudices and disadvantages, and that said rates shall be reduced below the present schedules, and that a fair and reasonable rate shall be established in respect to natural gas sold and transmitted by the defendants for the use of customers in said Detroit district and in said County of Wayne, and that the demand charge feature practiced by said defendants may be prohibited.

CITY OF DETROIT, By Paul E. Krause,

Corporation Counsel.

James H. Lee, Assistant Corporation Counsel, Attorneys for City of Detroit, 301 City Hall, Detroit, Mich.

COUNTY OF WAYNE,

By William E. Dowling,

Prosecuting Attorney.

Harold Goodman,

Special Counsel.

Attorneys for County of Wayne,
1300 Beaubien Street,
Detroit, Michigan.

[fol. 16690] State of Michigan, County of Wayne,—ss.:

Paul E. Krause and James H. Lee, both of the city of Detroit, County of Wayne and State of Michigan, being first duly sworp, depose and say that they are the Corporation Counsel and Assistant Corporation Counsel, respectively, of the City of Detroit, State of Michigan, a municipal corporation, Complainant herein; that they have read the foregoing complaint by them subscribed and that the statements and allegations contained therein are true.

PAUL E. KRAUSE, JAMES H. LÉE. Subscribed and sworn to before me and subscribed in my presence this 26th day of February, A. D. 1941.

GORDON N. McKEE, Notary Public, Wayne County, Michigan My Commission Expires: Jan. 30, 1942.

State of Michigan, County of Wayne,—ss.:

Harold Goodman, of the City of Detroit, County of Wayne and State of Michigan, being first duly sworn, deposes and says that he is Special Assistant Prosecuting Attorney for the County of Wayne, State of Michigan, a municipal corporation, Complainant herein, that he has read the foregoing complaint by him subscribed and that the statements and allegations contained therein are true.

HAROLD GOODMAN.

Sebscribed and sworn to before me and subscribed in my presence this 26th day of February, A. D. 1941.

GORDON N. McKEE, Notary Public, Wayne County, Michigan, My Commission Expires: Jan. 30, 1942.

[fol. 16691] From the Corporation Counsel

February 19, 1941.

To the Honorable, the Common Council:

Gentlemen—In conjunction with the investigation made by this Department incidental to the natural gas rate schedules, we have done considerable work with reference to the so-called gate rate contracts between the Detroit City Gas Company (now Michigan Consolidated Gas Company), and the Panhandle Eastern Pipe Line Company and the Michigan Gas Transmission Company.

At the time these contracts were executed, there was no Federal or other agency which had jurisdiction over the contracts, despite the fact that the Pipe Line companies were engaged in interstate commerce. However, during the past three years, the United, States Congress passed an act amending the Federal Power Commission Act, and which, in effect, gives the Federal Power Commission the



sam jurisdiction over pipe lines as it has over interstate power transmission facilities.

Inasmuch as there has been a great deal of controversy over the provisions of the contracts, above referred to, it is our firm opinion that the public's interest could be best protected by petitioning the Natural Gas Division of the Federal Power Commission to make a thorough investigation of these gate rate contracts. This position is concurred in by the Prosecuting Attorney of Wayne County, who has co-operated with the City in the gas rate schedule hearings before the Michigan Public Service Commission.

We, therefore, recommend that your Honorable Body approve the filing of such a petition on behalf of the City and the County of Wayne, as represented by the Prosecuting Attorney, and suggest the adoption of the enclosed resolution.

Very truly yours,

JAMES H. LEE, Assistant Corporation Counsel.

Approved:

PAUL E. KRAUSE, Corporation Counsel.

By Councilman Ewald:

Whereas, the Corporation Counsel has recommanded that it is in the public's interest for the City of Detroit to file a petition with the Natural Gas Division of the Federal Power Commission, praying that such Commission make a thorough investigation of the existing contracts between the Michigan Consolidated Gas Company and the Panhandle Eastern Pipe Line Company and the Michigan Gas Transmission Company, which contracts provide for the delivery of natural gas/to the City of Detroit; and

Whereas, the Prosecuting Attorney of Wayne County, who has co-operated with the City in the hearings respecting natural gas rate schedules before the Michigan Public Service Commission, concurs in the opinion that such a petition should be filed with the Federal Power Commission.

Now, therefore be it Resolved, that on behalf of the City of Detroit, this Common Council does approve of the suggestion of the Corporation Counsel and does recommend and authorize that such a petition be filed by the Corporation Counsel jointly on behalf of the City of Detroit and the Prosecuting Attorney on behalf of the County of Waynes.

Adopted as follows:

Yeas—Councilmen Ewald, Garlick, Hamilton, Lodge, Sween, Van Antwerp and the President—7.

Nays-None,

True Copy Certificate.

State of Michigan,

City of Detroit,-ss,

City Clerk's Office, Detroit.

I, Thomas D. Leadbetter, City Clerk of the City of Defroit, in said State, do hereby certify that the annexed paper is a true copy of a Resolution adopted by the Common Council, at a session held on the 25th day of February, 1941, as appears from the Journal of said Common Council remaining in the office of the City Clerk of Detroit, aforesaid; that I have compared the same with the original, and the same is a correct transcript therefrom, and of the whole of such original.

In Witness Whereof, I have hereunto set my hand and affixed the corporate seal of said City, at Detroit, this 26th day of February, A. D. 1941.

THOMAS D. LEADBETTER,

(Seal)

City Clerk.

[fol. 16693] Separate Answer of Michigan Gas Transmission Corporation

(Received March 28, 1941, Federal Power Commission.)

Before the

Federal Power Commission

City of Detroit and County of Wayne, Municipal Corporations, Complainants,

Docket No. G-200. vs.

Panhandle Eastern Pipe Line Compans, and Michigan Gas Transmission Corporation, Defendants. To the Honorable Members of the Federal Power Commission:

Michigan Gas Transmission Corporation; defendant, for its separate answer to the petition of the complainants, respectfully shows to the Commission as follows:

First: In answer to the paragraph of the complaint numbered First: defendant admits the allegations of the first sentence thereof. It also admits the allegation of the second sentence thereof that Michigan Consolidated-Gas Company distributes natural gas having its source in Texas and Kansas to customers in the City of Detroit and in the County of Wayne, State of Michigan, but as to the remainder of the allegations of said second sentence it denies knowledge or information thereof sufficient to form a belief.

Second: In answer to the paragraph of the complaint numbered Second: defendant admits the allegations thereof, except that it states that the line of Panhandle Eastern [fol. 16694] Pipe Line Company terminates at a point in Indiana, near the Illinois Indiana state line, at which point its pipe line connects with the pipe line of the defendant Michigan Gas Transmission Corporation which transports the gas from that point to the line of the Michigan Consolidated Gas Company in the County of Wayne, State of Michigan where it delivers said gas sold by Panhandle Eastern Pipe Line Company to said Michigan Consolidated Gas Company for the account of Panhandle Eastern Pipe Line Company.

Third: In answer to the paragraph of the complaint numbered Third: defendant admits the allegations of the first sentence thereof. It admits the allegation of the second sentence thereof that Michigan Gas Transmission Corporation is controlled by Columbia Gas & Electric Corporation; but it deals the remaining allegations of said second sentence.

Fourth: In answer to the paragraph of the complaint numbered Fourth, it admits the allegations of the first sentence of paragraph Fourth, but it denies that the al-

graph Fourth correctly state the terms of the contract referred to as amended and it states that the demand charge provided for in said contract as amended is 38 cents per therm per month instead of 58 cents, and prays leave in general to refer to the provisions of said contract as amended for an accurate statement of the terms thereof. It admits upon information and belief that there are at the present time approximately 40,000 househeating customers but denies any information or knowledge sufficient to form a belief as to the remaining allegations of the last sentence of said paragraph Fourth.

[fol. 16695] Fifth: In answer to the paragraph of the complaint numbered Fifth: It denies that the average cost of gas to Michigan Consolidated Gas Company under the terms of said contract as amended varied from a low of approximately 32 cents per thousand cubic feet of natural gas to upwards of 34 cents and alleges that such average cost for the year 1937 was 29.54 cents, for the year 1938, was 31.15 cents, for the year 1939 was 32.79 cents, and for the year 1940 was 32.44 cents, and further states that said contract as amended sets forth in detail the rate for gas to said latter Company and prays leave to refer to the same for an accurate statement thereof.

Nixth: In answer to the paragraph of the complaint numbered Sixth: defendant denies the allegations of paragraph Sixth of the complaint, in so far as it is alleged therein that the division to Michigan Gas Transmission Corporation of the rates and charges maintained by Panhandle Eastern Pipe Line Company are unjust and unreasonable, or that any charges of Michigan Gas Transmission Corporation in connection with the sale or delivery of gas to Michigan Consolidated Gas Company are excessive, unjust or unreasonable, and denies any knowledge or information sufficient to form a belief as to the remaining allegations of said paragraph Sixth.

Seventh: In answer to the paragraph of the complaint numbered Seventh: defendant denies the allegations of the first sentence of paragraph Seventh. It denies any [fol. 16696] knowledge or information thereof sufficient to form a belief as to the allegations of the second sentence of said paragraph Seventh.

6

Wherefore, defendant prays that the petition of the complainants be defied and the above-entitled proceeding be dismissed.

MICHIGAN GAS TRANSMISSION CORPORATION,

By Walter C. Beckjord, President,
Office and Post Office Address:
Suite 2901, No. 61 Broadway,
New York, N. Y.

[fol. 16697] State of New York, County of New York,—ss.:

Walter C. Beckjord, being duly sworn, deposes and says:

That he is the President of Michigan Gas Transmission Corporation, one of the defendants in the above-entitled proceeding; that he has read the foregoing complaint and knows the contents thereof and that the same is true to his own knowledge except as to the matters therein stated to be alleged upon information and belief and that as to those matters he believes it to be true.

WALTER C. BECKJORD.

Sworn to before me this 27th day of March, 1941.

(Notary Public) MAUDE H. CURRY,

Notary Public, New York County, N. Y. Co. Clk's. No. 390, Reg. No. 2C-543, Nassau County Člerk's No. 35-C-40,

Commission expires March 30, 1942.

[fol. 16698] (Petition of Michigan Public Service Commission for Leave to Intervene.)

(Filed March 31, 1941, Federal Power Commission.)

· Before the

Federal Power Commission

City of Detroit and County of Wayne, Municipal Corporations, Complainants,

Docket No. G-200. vs.

Panhandle Eastern Pipe Line Company, and Michigan Gas Transmission Corporation, Defendants.

Michigan Public Service Commission, Intervener,

To the Honorable Members of the Federal Power Commission:

Comes now the Michigan Public Service Commission, by and through its attorneys Herbert J. Rusl ton, Attorney General of the State of Michigan and James W. Williams, Assistance] Attorney General for the State of Michigan, and, in accordance with part (a) section 15 of the "Natural Gas Act" and upon the grounds that its participation in the proceedings may be in the public interest, moves the Eederal Power Commission that it be granted permission [fol. 16699] to intervene in the proceedings now pending upon the petition for an investigation of the rates and charges of the Panhandle Eastern Pipe Line Company made by the Michigan Municipalities: the City of Detroit and the County of Wayne; and for the following reasons:

1.

It is an administrative commission of the State of Michigan, created by Act 3 of the public acts of 1939 of the State of Michigan, and made successor to the Michigan Public Utilities Commission, vested with the power and authority to regulate public utilities doing business within the State of Michigan.

2

The Michigan Consolidated Gas Company is a corporation doing business within the State of Michigan as a public utility, in that; the Michigan Consolidated Gas Company distributes natural gas to the consuming public; accessible to its plant, in the cities of Detroit, Grand Rapids, Muskegon and Ann Arbor and certain adjacent municipalities.

3.

The natural gas distributed to the consuming public within the cities of Detroit, Ann Arbor and certain adjacent municipalities, is purchased by the Michigan Consolidated Gas Company from the Panhaudle Eastern Pipeline Company and the terms of the purchase and sales contract between these companies relating to the natural gas distributed within the municipalities of the City of Defol. 16700] troit and the County of Wayne are material and relevant to the investigation pending before your Honorable Commission.

The fixing of reasonable rates and charges to customers of the Michigan Consolidated Gas Company is within the power and authority of your petitioner and any modification of the cost of natural gas to the Michigan Consolidated Gas Company may affect the reasonableness of that Company's rates and charges to consumers.

5.

Further, there is presently pending before this Commission a petitioner by National Utilities Company of Michigan, a corporation doing business within the State of Michigan as a public utility, for permission to serve the City of Monroe and certain adjacent municipalities with natural gas, which petition has a contract with the Panhandle Eastern Pipe Line Company whereby said Pipe Line Company undertakes to supply natural gas to it, which gas will be transported over the same pipe line now used to supply the municipalities of Detroit and Wayne County. The contract differs from the Detroit purchase contract in that it provides for a price for the natural gas of three cents per therm for "year round" gas and four cents per therm for seasonal gas during winter months and has no general clause of the type and kind found in the "Detroit" contract.

6.

All allegations herein contained other than those relating to the municipalities of the City of Detroit and the County of Wayne are not intended to broaden or narrow the scope [fol.16701] of the issues presented in the instant proceedings and are made solely for the purpose of more fully disclosing your petitioner's interest. Further, your petitioner is of the opinion that public interest will best be served through your permission for it to intervene as a party with interest and without competing it to elect to intervene in behalf of any other party to the proceedings.

7.

Your petitioner offers to make available to your Honorable Commission such services, records, and facilities as it may afford in furtherance of the instant proceedings.

Wherefore your petitioner prays:

- (a) That it may be permitted to intervene and be treated as a party hereto;
- (b) That it be given the right to have notice of any and all proceedings;
- (c) That it be given the right to appear and be represented by counsel;
- (d) That it be given the right to have notice of and appear at the taking of testimony;
- (e) That it be given the right to produce and cross-examine witnesses:
- (f) That it be given the right to be heard on brief and on argument, if oral argument be heard; and
- [fol. 16702] (g) That it be given such other and further rights as may be necessary to the full and complete protection of the public interest.
 - (h) Your petitioner will ever pray, etc.

MICHIGAN PUBLIC SERVICE COMMISSION,

By James W. Williams,

Assistant Attorney General, Assigned to the Commission.

Dated: March 27, 1941.

HERBERT J. RUSHTON,

Attorney General,

By James W. Williams,

Asst. Atty. Gen'l.,

Business Address:

Attorney General Department, State Capitol,

Lansing, Michigan.

State of Michigan, County of Ingham.—ss.:

On this 28th day of March, A. D., 1941, before me, a Notary Public, appeared James W. Williams, to me known, who, being first duly sworn, did say that he knows the contents of the foregoing petition by him subscribed and that the same are true, except as to those matters therein

stated upon information and belief which he believes to be true.

Seal

H. A. FORSTER, Notary Public, Kalamazoo County, Acting in Ingham County, Michigan.

My Commission Expires April 18, 1941.

[fol. 16705] Separate Answer of Panhandle Eastern Pipe Line Company.

(Filed April 3, 1941, Federal Power Commission.)

Before the

Federal Power Commission

City of Detroit and County of Wayne, Muncipal Corporations, Complainants,

Docket No. G-200. vs.

Panhandle Eastern Pipe Line Company, and Michigan Gas Transmission Corporation, Defendants.

To The Honorable Members of The Federal Power Commission:

Defendant, Panhandle Eastern Pipe Line Company, for its separate answer to the petition of complainants, respectfully shows to the Commission:

1. That in answer to paragraphs numbered first, second, and third of the petition, this defendant admits that the complainants are municipal corporations existing under and by virtue of the laws of the State of Michigan, and are municipalities within the meaning of the Natural Gas Act; that this defendant is a corporation organized and existing under the laws of the State of Delaware and is engaged in the transmission and sale of natural gas in interstate commerce; that it sells natural gas to Michigan Consolidated Gas Company for resale in the City of Defol. 16706] troit and environs in the County of Wayne, State of Michigan; and that it transports said natural gas from its sources of supply in Texas and Kansas to a point in Indiana near the Illinois-Indiana state line, at which point its transmission facilities connect with the trans-

27

mission facilities of Michigan Gas Transmission Corporation and from which point said company transports and delivers said natural gas to Michigan Consolidated Gas Company at the point of delivery near the City of Detroit for the account of this defendant, such transportation and delivery by Michigan Gas Transmission Corporation being performed by it under a contract, as amended, with this defendant dated March 17, 1936.

This défendant denies that it is affiliated with Michigan Gas Transmission Corporation or that it is controlled by Columbia Gas & Electric Corporation.

- In answer to paragraph numbered fourth of the petition, except the last sentence thereof which is answered in paragraph numbered five hereof, this defendant admits that its rates and charges to Michigan Consolidated Gas Company for gas sold by this defendant to said company for resale in Detroit and environs are governed by contract dated August 31, 1935, as amended by four certain supplemental agreements, between this defendant and Michigan Consolidated Gas Company, formerly Detroit City Gas Company, but denies that said contract provides a demand charge of fifty-eight (58) cents per therm per month. This defendant alleges the fact to be that said con-[fol. 16707] tract provides for a demand charge of thirtyeight (38) cents per therm, per month, based upon the maximum daily demand established during the four months' period December to March, inclusive, of each year, and for a commodity charge of one and five tenths (1.5) cents per therm.
- 3. With respect to paragraph numbered fifth of the petition, this defendant denies the allegations thereof and states that further answer thereto is made in paragraph numbered five hereof.
- 4. Answering paragraphs numbered sixth and seventh of the petition, except the allegations in paragraph seventh thereof with respect to the rates of this defendant for gas used for househeating purposes by customers of Michigan Consolidated Gas Company, which allegations are fully answered in paragraph five hereof, this defendant denies that its rates and charges and the cost of gas to Michigan

Consolidated Gas Company are unjust, unreasonable or excessive, or that the same adversely affect the customers of Michigan Consolidated Gas Company in any classification. This defendant denies that the amount received by it for gas sold under the aforesaid contract of August 31, 1935, as amended, after deducting therefrom the amount paid to Michigan Gas Transmission Corporation for transporting said gas from the Illinois-Indiana state line to the Detroit point of delivery is excessive.

With respect to the allegations to the effect that the division of this defendant's rates and charges to Michigan Gas Transmission Corporation is unjust and unreasonable, [fol. 16708] this defendant states that it believes that at the time its contract with Michigan Gas Transmission Corporation, dated March 17, 1936, was entered into, the charges of that company for transporting gas were equitable and reasonable, and that at this time this defendant has insufficient knowledge and information to form a belief as to the present reasonableness of said charges.

5. Further answering paragraphs numbered fourth, fifth and seventh of the petition, this defendant in denying the allegations thereof, states that its contract with Michigan Consolidated Gas Company dated August 31, 1935, as amended, sets forth in detail the rates and charges for natural gas delivered thereunder and respectfully refers this Commission to said contract for an accurate state; ment thereof; that the average prices per therm paid for such gas during the calendar years 1937, 1938, 1939, and 1940 were 2.92 cents, 3.08 cents, 3.24 cents, and 3.20 cents, respectively; that under this defendant's aforesaid con-Stract, as amended, with Michigan Consolidated Gas Company, the rate for gas resold to househeating customers in excess of twenty five thousand might, under certain extreme conditions, be sixty two (62) cents per-thousand cubic feet; that by supplemental gas contract with Michigan Consolidated Gas Company, dated June 2, 1936, this defendant in effect guaranteed that the rate for a quantity of natural gas equal to the requirements of twenty thousand househeating customers would not be greater than four and one tenth (4.1) cents per therm, and by a third supplemental contract with said company dated September 29,

[fol, 16709] 1939, this defendant in effect extended said guarantee to include an amount of natural gas equal to the requirements of twenty five focusand househeating customers; that the actual rate for gas resold to househeating customers in excess of twenty five thousand is dependent. on the rate of growth of such business of Michigan Consolidated Gas Company from year to year and upon the relation of the demand on the maximum day to such deliveries of said company during the year; that this deferdant has calculated the average rate paid by Michigan Consolidated Gas Company for househeating gas delivered to customers in excess of twenty five thousand during the calendar year 1940 to have been less than three (3) cents per therm and has estimated that during the calendar year 1941 said rate will be less than three and five tenths (3.5) cents per therm instead of a rate even approaching sixty. two (62) cents per thousand cubic feet as estimated and alleged by complainants; that during all calendar years to date under said contract the rate-for all househeating gas has been less than four and one tenth (4.1) cents per therm; that by letter to Michigan Consolidated Gas Company dated July 18, 1940, this defendant offered to substitute for the rate provided in the aforesaid contract a different form of rate which would result in a charge of not more than four (4) cents per therm for natural gas sold to Michigan Consolidated Gas Company for resale to househeating customers regardless of the number thereof; that said offer was not accepted by Michigan Consolidated Gas Company because, as this defendant believes, of the then existing characteristics of its business and particularly 1fol: 167101 the continuing growth thereof; that on information and belief, this defendant states that the Michigan Public Service Commission did on November 20, 1940 order an increase in househeating tates of Michigan Consolidated Gas Company in the Detroit area effective January 4, 1941, that at the time of the issuance of said order said Commission was not aware of this defendant's offer of a new form of rate by said letter dated July 18, 1940. that after being informed of said offer, the Michigan Public Service Commission postponed the effective date of said increased rates to May 1, 1941 and ordered a rehearing in the matter of the househeating rates of Michigan Consolidated Gas. Company.

6. Further answering the petition, this defendant shows the Commission:

That about eighteen months ago it commenced studies of its rate structure with the view of eliminating the demand feature of its rates; that about twelve months ago it developed rates for its customers which eliminated the changing demand feature of its then existing rates and said rates have been generally accepted by such customers, but, as hereinabove stated, was rejected by Michigan Consolidated Gas Company.

This defendant has continued its studies and believes it can develop a new rate which will be accepted by Michigan Consolidated Gas-Company; that if such a rate is developed and accepted for the Detroit area, it will necessitate a modification of this defendant's rates to certain other of its customers; that it hesitates to propose such a modifi-[fol. 16711] cation of said rates pending the outcome, of the April 7, 1941 election to be held in the City of Detroit, and the final determination thereafter of the question of municipal ownership of the gas plant in Detroit and environs; that upon final determination of the question of municipal ownership this defendant believes it will be in a position to offer such a new rate either to Michigan Consolidated Gas Company or to the City of Detroit as the case may be and that negotiations with such owner will develop a rate which will satisfy the complaint filed in this cause.

This defendant desires to acquire the properties of Michigan Gas Transmission Corporation and states on information and belief that the Department of Justice and the Securities and Exchange Commission have indicated that Columbia Gas & Electric Corporation should dispose thereof; that this defendant believes that such acquisition may occur in the near future and in that event no question of divided revenues or separate plant accounts will be involved herein.

This defendant has continuously found it necessary to expend large sums of money for additional facilities in order to increase the capacity of its system sufficiently to keep pace with the requirements of new and expanding markets; that such expansion, in addition to normal

growth, has been so rapid that it is impossible to accurately appraise the results of any rate modifications which it might make effective; that taxes have increased and the estimated Federal Income and Excess Profits Tax liability of this defendant in 1940 will be one hundred forty five [fol. 16712] per cent greater than was its Federal Income Tax liability in the year 1939; that as a more stabilized condition of this defendant's markets, operating costs, and tax liability is approached, an appraisal of its rate structure becomes simpler and more susceptible of accurate analysis.

This defendant believes, and therefore states, that should it later appear that an investigation as prayed for by complainants is necessary or advisable, the same will be greatly facilitated and simplified by the occurrence of any of the matters set forth in this paragraph numbered six and should this Commission postpone such an investigation, this defendant represents that it stands ready to keep the Commission informed as to the progress of its rate studies and negotiations and the developments occurring with respect to all of the matters and things in this paragraph numbered six referred to.

Wherefore, this defendant prays that the petition of complainants be denied, or in the alternative that the investigation prayed for therein be postponed pending further developments with respect to the matters and things set forth in paragraph numbered six hereof, or in the event of undue delay of such developments, for such time as this Commission shall determine is reasonable in view of all [fol. 16713] circumstances.

Respectfully submitted,
PANHANDLE EASTERN PIPE
LINE COMPANY,
By G. J. Neuner,

Vice-President,

1221 Baltimore Avenue, Kansas City, Missouri. GLENN W. GLARK,

1221 Baltimore Avenue, Kansas City, Missouri. Attorney.

State of Missouri,

County of Jackson,-ss.:

G. J. Neuner, being first duly sworn, deposes and says that he is Vice-President of Panhandle Eastern Pipe Line Company, one of the defendants herein; that he has read the foregoing Separate Answer of Panhandle Eastern Pipe Line Company and knows the contents thereof and that the same is true of his own knowledge, except as to the matters therein stated to be alleged, upon information or belief and as to those matters ne believes it to be true.

G. J. NEUNER,

Subscribed and sworn to before me this 1st day of April, 1941.

MARY C. MAGERS, Notary Public.

(L. S.).

My Commission expires August 31, 1943.

[fol. 16714] Affidavit of Service

State of Missouri,

County of Jackson,—ss.:

Glenn, W. Clark, being first duly sworn, deposes and says that he is Counsel for Panhandle Eastern Pipe Line Company; that on this 1st day of April, 1941 he has served a copy of the foregoing Separate Answer of Defendant, Panhandle Eastern Pipe Line Company, upon Paul E. Krause and James H Lee, Corporation Counsel and Assistant Corporation Counsel, respectively, for the City of Detroit, upon William E. Dowling and Harold Goodman, Prosecuting Attorney and Special Counsel, respectively, for the County of Wayne, Michigan, and upon Michigan Gas Transmission Corporation by depositing the same in the United States air mail, properly addressed to said parties with postage prepaid.

GLENN W. CLARK.

Subscribed and sworn to before me this 1st day of April, 1941.

MARY C. MAGERS,

(L. S.)

Notary Public.

My Commission expires August 31; 1943.

[fol. 16715] Order Fixing Date of Hearing.

United States of America

Federal Power Commission.

Commissioners: Claude L. Draper, Acting Chairman, Basil Manly, John W. Scott and Clyde L. Seavey. Leland Olds not participating.

June 10, 1941.

City of Detroit, Michigan and County of Wayne, Michigan, Docket No. G-200 vs.

Panhandle Eastern Pipe Line Company and Michigan Gas-Transmission Corporation.

It appearing to the Commission that:

(a) On February 28, 1941, the City of Detroit and the County of Wayne, Michigan, bot of which are municipalities within the meaning of the Natural Gas Act, filed a petition which, among other things, alleges in substance: that the Panhandle Eastern Pipe Line Company is engaged in the transportation of natural gas in interstate commerce from producing fields in the States of Texas and Kansas. to a point of delivery near the City of Detroit; that it is also engaged in the sale of such gas to the Michigan Consolidated Gas Company for resale in said City of Detroit and County of Wayne; that such gas is transported from a point on the Indiana-Illinois boundary line to a point at or near the City of Detroit by the Michigan Gas Transmission Corporation for the account of the Panhandle Eastern Pipe Line Company, for which transportation Panhandle Eastern Pipe Line Company pays its affiliate, Michigan Gas Transmission Corporation, an excessive rate or charge; that the rates and charges demanded and collected by Panhandle Eastern Pipe Line Company from the Michigan Consolidated Gas Company are unjust, unreason-[fol. 16716] able, and unduly discriminatory; and said City of Detroit and County of Wayne request this Commission. after investigation, to fix and determine the just and reasonable rates to be thereafter observed and in force in respect of such transportation, and sale of natural gas for resale in said City and County; --

- (b) Michigan Gas Transmission Corporation filed an answer to said petition on March 28, 1941, denying, among other things, that it is affiliated with Panhandle Eastern Pipe Line Company, or "that the division to Michigan Gas Transmission Corporation of the rates and charges maintained by Panhandle Eastern Pipe Line Company are unjust and unreasonable, or that any charges of Michigan Gas Transmission Corporation in connection with the sale or delivery of gas to Michigan Consolidated Gas Company are excessive, unjust or unreasonable":
- (c) Panhandle Eastern Pipe Line Company, filed an answer to said petition, on April 3, 1941, denying, among other things, that it is affiliated with the Michigan Gas Transmission Corporation, or that it is controlled by the Columbia Gas & Electric Corporation, or that its rates are unjust, unreasonable, or discriminatory;
- (d) The Panhandle Eastern Pipe Line Company is engaged in the transportation of natural gas in interstate commerce through a transmission pipe line extending from the State of Texas to a point on the border line between the States of Illinois and Indiana, and the sale in interstate commerce of natural gas for resale, and may be a natural gas company within the meaning of the Natural Gas Act;
- (e) The Michigan Gas Transmission Corporation is engaged in the transportation of natural gas in interstate commerce through a transmission pipe line extending from a point on the border line between the States of Illinois and Indiana to a point at or near the City of Detroit, Michigan, and the sale in interstate commerce of natural gas for resale, and may be a natural gas company within the meaning of the Natural Gas Act:
 - (f) Natural gas sold by the Panhandle Eastern Pipe Line Company to the Michigan Consolidated Gas Company for resale in the City of Detroit is transported by Michigan Gas Transmission Corporation through its interstattransmission pipe line for the account of Panhandle Eastern Pipe Lone Company.
 - (g) By letter of June 4, 1941, the said City of Detroit and County of Wayne have advised the Commission "that at a date approximately 30 days from date hereof, your

[fol. 16717] petitioners will be prepared to present evidence to substantiate the allegations contained in our petition":

The Commission orders that:

A public hearing in this proceeding be held commencing on July 15, 1941, at 9:45 o'clock, a. m. (E.S.T.), at 1800 Pennsylvania Avenue, N. W., in the City of Washington, D. C.

By the Commission.

LEON M. FUQUAY,

Secretary.

[fcl. 16718] (Order permitting Michigan Public Service Commission to Intervene.)

United States of America

Federal Power Commission

Commissioners: Claude L. Draper, Acting Chairman, Basil Manly, John W. Scott and Clyde L. Seavey. Leland Olds not participating.

June 10, 1941.

City of Detroit, Michigan and County of Wayne, Michigan, Docket No. G. 200 vs.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation,

It appearing to the Commission that:

- (a) On March 31, 1941, the Michigan Public Service Commission filed a petition praying for leave to intervene in this proceeding;
- (b) The participation of the Michigan Public Service Commission in this proceeding may be in the public interest;

The Commission orders that:

The Michigan Public Service Commission be and it is hereby permitted to become an intervenor in this proceeding, provided, however, such permission shall not be

construed as recognition by this Commission that said Michigan Public Service Commission might be aggrieved by any order of this Commission issued in this proceeding:

By the Commission.

LEON M. FUQUAY, Secretary.

[fol. 16720] (Petition of Panhandle Eastern Pipe Line Company for Continuance of hearing.)

(Received June 26, 1941, Federal Power Commission.)

Before the

Federal Power Commission.

City of Detroit and County of Wayne, Municipal Corporations, Complainants,

Docket No. G-200 . vs.

Panhandle Eastern Pipe Line Company, and Michigan Gas Transmission Corporation, Defendants.

Fanhandle Eastern Pipe Line Company, one of the defendants in the above entitled cause, hereby petitions the Commission for a six months' continuance of the hearing now set for July 15, 1941 and as grounds therefor states:

1. The public interest does not require an early hearing in this cause.

The petition filed by the City of Detroit and the County of Wayne on or about February 28, 1941, although containing general allegations and a broad prayer for relief, manifestly was primarily aimed at and instituted because of a supposed discriminatory rate affecting gas ultimately to be used by househeating customers in excess of twenty-five thousand in number in the City of Detroit, Michigan It is apparent that the general allegations as to the unreasonableness of this defendant's rates and the division [fol 16721] of revenues between this defendant and the defendant, Michigan Gas Transmission Corporation, bring into question the value of defendants' properties, the expected life of the enterprise as a whole, the lawful and

proper rate of depreciation, the reasonableness of operating expenses, and many other factors which complainants are not equipped to develop and, even if so equipped, would be unable to develop because of the lack of any right to make adequate investigation. Probably for this reason this Commission instituted an investigation (Docket No. G-207) and undoubtedly intends, by virtue of the powers vested in it by Congress and by the use of a staff equipped to obtain necessary information and to develop the pertinent facts, to inquire—through its customary proceedings as to the matters involved under the general allegations of complainants' petition filed at Docket G-200. Therefore, as to those matters, the public interest does not require that complainants be heard on July 15, 1941.

As to the apparent gravamen of complainants' petition. that is, the allegation of discrimination as to gas sold by this defendant to Michigan Consolidated Gas Company for resale to househeating customers in excess of twenty-five thousand, the public interest does not require an early hearing because the alleged discrimination does not in fact exist, but is merely a claim born either of a lack of correct information and data or of a complete misunderstanding [fol. 16722] of correct information and data and the applicable contracts. Although at first blush this might be considered by the Commission as a statement of an ultimate fact to be determined by hearing, and although such a position might technically be correct, it nevertheless is true that the staff of this Commission can ascertain beyond any question of a reasonable doubt from contracts, reports and other data which has been furnished to this Commission by this Defendant, and without any reasonable necessity for an early hearing, that the average rate paid by Michigan Consolidated Gas Company for househeating gas deliveted to customers in excess of twenty-five thousand during the calendar year 1940 was substantially less than three (3) cents per therm.

The billing demand which will govern until April, 1942 has been established and by the application of reasonable estimates based upon information and data derived from known experience, this Commission's staff can readily determine from such data as this defendant has furnished the

Commission that the average rate paid and to be paid by Michigan Consolidated Gas Company for househeating gas delivered and to be delivered to customers in excess of twenty five thousand during the calendar year 1941 will not exceed three and five-tenths (3.5) cents per therm, and that there is not, and could not be, under present conditions, any foundation for a claim that such gas will cost Michigan Consolidated Gas Company more than gas for other househeating customers and much less for complainants' extravagant claim that such gas may cost [fol. 16723] Michigan Consolidated Gas Company sixty-two (62) cents per thousand cubic feet.

2. The public interest does require that this defendant's petition for continuance be granted.

For several months it has been apparent to this defendant that requirements of its customers during the winter of 1941 and 1942 will be such as to gravely tax and probably render inadequate the capacity of its facilities without frequent interruption or curtailment of gas supplied to many industries contributing to National Defense unless facilities for a substantial increase in capacity can be installed prior to the severe winter months. The Defense Program has created an acute shortage in steel for private industry and it is practically impossible to obtain a steel plate for the manufacture of pipe without the assistance of the United States Government by way of priorities granted because of the need for steel in activities directly related to National Defense.

Therefore, several weeks ago this defendant, in order to substantiate its claim for priority, set out to obtain estimates of the requirements of its customers for the winter of 1941-42, together with data as to the defense materials being manufactured by industries using its gas. The data thus acquired shows that almost all industries now using gas from this defendant's pipe lines are engaged in defense work, that fully fifty per cent of their entire output is directly related to the defense program and that practically all of the increase in their gas requirements for the winter of 1941-42, in the estimated quantity of more than [16], 16724] fifteen million (15,000,000) cabic feet per day

over and above their requirements for the last winter, will be used in defense work.

In addition to present consumers, this defendant expects to serve the requirements of additional domestic, commercial and industrial consumers in and near many cities, towns and communities in the State of Michigan, including Flint, Pontiac, Kalamazoo, Jackson, and Battle Creek, none of which are presently being served with natural gas. Included among these consumers are many industries which are vital to the Defense Program, now using gas but faced with an inadequate supply. This defendant is now engaged in obtaining necessary certificates and licenses for the construction of pipe lines in the State of Michigan and will apply to this Commission for a certificate of convenience and necessity if required under the provisions of the Natural Gas Act as construed under the decisions of this Commission.

The industries, now using gas from this defendant's pipe lines and manufacturing defense materials, number eighty-nine in the City of Detroit, Michigan, seventy-four in the State of Indiana; thirty-six in the State of Illinois, and ten in the State of Missouri. More than fifty additional industries engaged in defense work elsewhere in the State of Michigan are expected to be supplied with gas to be transported by this defendant upon completion of its pipe lines in the State of Michigan.

Seeking a preference rating sufficiently high to insure [fol. 16725] deliveries of steel pipe to meet its schedule for the construction of facilities for additional capacity and its proposed pipe lines in the State of Michigan, this defendant filed its formal application, supported by extensive data, including the above, with the Priorities Division of the Office of Production Management. Complete analysis of said data has been made by the Priorities Division and hearings have been held before it with the result that on June 17, 1941 it issued as Certificate No. C-102393 granting a Preference Rating, sufficiently high to meet this defendant's construction schedule, on steel for all pipe required by this defendant for the aforesaid construction program.

This defendant's construction program involves the obtaining of more than fifty five thousand (55,000) tons of steel pipe, together with large quantities of gate valves,

couplings, and pipe coating; and the construction of over four hundred (400) miles of pipe line for which rights of way and river, railroad and highway crossing permits must be obtained before the construction work can be done.

This defendant's personnel, while sufficient for ordinary operations, is not large enough to carry out the aforementioned complex program without every man bending unusual efforts to that end. Sufficient additional men of adequate training and experience are unavailable, and therefore present employees must devote their time to this program in addition to their regular work. To this end many of this defendant's employees have been required to [fol. 16726] defer vacations. Under the best conditions obtainable in view of these circumstances, this defendant will be unable to complete its construction program before the first of the coming year. The full time and efforts of the men who would be required to prepare for and attend the hearing now set for July 15, 1941 are all important to the aforementioned program which is vital not only to the National Defense Program but also to many thousands of residential users of gas. To divert the efforts of these men, even for a short time, would seriously impede the work now being carried on.

For the foregoing reasons this defendant believes that the public interest requires that the hearing be postponed.

Wherefore, this defendant prays that this Commission enter an order continuing the hearing now set for July 15, 1941 for a period of approximately six months, at which time much of the work connected with its present construction program will have been completed.

Respectfully submitted,
PANHANDLE EASTERN PIPE
LINE COMPANY,

By G. J. Neuner, Vice-President, 1221 Baltimore Avenue, Kansas City, Missouri. Glenn W. Clark, Attorney, 1221 Baltimore Avenue,

Kansas City, Missouri.

[fol. 16728]. (Concurring Petition of Michigan Gas Transmission Corporation for Continuance of Hearing.)

(Received July 3, 1941, Federal Power Commission.)

Before the

Federal Power Commission.

City of Detroit and County of Wayne, Municipal Corporations, Complainants,

Docket No. G-200 vs.

Panhandle Eastern Pipe Line Company, and Michigan Gas Transmission Corporation, Defendants.

Michigan Gas Transmission Corporation, one of the defendants in the above entitled cause, hereby joins in the petition of Panhandle Eastern Pipe Line Company for a six months' continuance of the hearing now set for July 15, 1941, and as additional grounds therefor states:

1. The granting of a continuance would tend to simplify the hearings.

It is probable that a substantial saving of time and effort, both to the Commission and to the various parties to the proceeding as well, could be realized by a continuance of six months. It has for some time been contemplated that Panhandle Eastern Pipe Line Company would, pursuant to a certain Plan, acquire the stock and indebtedness of Michigan Gas Transmission Corporation. On June 7, 1941 an agreement was entered into providing for the carrying. out of this Plan, with certain modifications. Under said agreement it is contemplated that Panhandle Eastern Pipe [fol. 16729] Line Company will acquire said stock and indebtedness of Michigan Gas Transmission Corporation by October 1, 1941, and said agreement provides that it shall terminate unless all the transactions provided for are effected by that date, but that such date shall be extended to December 1, 1941 upon the request of any one of the parties. In connection with carrying out the various provisions of said agreement, applications must be made to the United States District Court for the District of Delaware and the Securities and Exchange Commission, and said applications are now in course of preparation.

It is obvious that after the acquisition by Panhandle Eastern Pipe Line Company of the stock and indebtedness of Michigan Gas Transmission Corporation the problem of determining questions involving rates will be considerably simplified, particularly if the physical properties of Michigan Gas Transmission Corporation and Panhandle Eastern Pipe Line Company are put into the same corporation by merger or otherwise, a move which Michigan Gas Transmission Corporation is informed is under consideration after said acquisition by Panhandle Eastern Pipe Line Company.

2. The grounds urged by Panhandle Eastern Pipe Line Company in its petition for continuance are largely applicable to Michigan Gas Transmission Corporation as well.

Not only is Michigan Gas Transmission Corporation hampered in its individual operations at this time by reason of various circumstances and conditions arising out of the present emergency, but it is necessarily affected by emergency conditions applicable to Panhandle Eastern [fol. 16730] Pipe Line Company by reason of the fact that all gas received and transported by Michigan Gas Transmission Corporation comes from the lines of Panhandle Eastern Pipe Line Company.

3. The Defendant Primarily Involved is Panhandle Eastern Pipe Line Company.

The gravamen of this case appears to be the charge of discrimination against Panhandle Eastern Pipe Line Company, and that company is the defendant principally and primarily involved. Michigan Gas Transmission Corporation has no contractual relationships with the City of Detroit or the County of Wayne, the complainants herein, but the contractual relationships in question are between said complainants and Panhandle Eastern Pipe Line Company. It may be, therefore, that evidence as to Michigan Gas Transmission Corporation will prove not to be pertinent in this proceeding. In any event it could hardly be pertinent until after an investigation into the rates and charges of Panhandle Eastern Pipe Line Company demonstrated its relevance and pertinency as bearing upon such rates and charges.

Wherefore the defendant Michigan Gas Transmission Corporation prays that the hearing now set for July 15, 1941 be deferred for a period of six months as requested by Panhandle Eastern Pipe Line Company.

Respectfully submitted,

MICHIGAN GAS TRANSMISSION CORPORATION,

By Walter C. Beckjord,

President.

Office and Post Office Address: Suite 2901, 61 Broadway, New York, N. Y.

[fol. 16731] State of New York, County of New York—ss:

. Walter C. Beckjord, being duly sworn, deposes-and says:

That he is the President of Michigan Gas Transmission Corporation, one of the defendants in the above-entitled proceeding; that he has read the foregoing concurring petition for continuance and knows the contents thereof and that the same is true to his own knowledge except as to the matters therein stated to be alleged upon information and belief and that as to those matters he believes it to be true.

WALTER C. BECKJORD.

Sworn to before me this 1st day of July, 1941.

(Notarial Seal)

JOHN E. CLEARY, Notary Public, Bronx County, N. Y. Bronx Co. Clk's No. 47, Reg. No. 57C42

N. Y. Co. Clk's No. 218, Reg. No. 2C182 Commission expires March 30, 1942.

[Fol. 16733] (Objection of City of Detroit and County of Wayne to Defendants' Petition for Continuance.)

(Received July 3, 194). Federal Power Commission.)

The City of Detroit and the County of Wayne, complain ants herein, file this objection to the petition for continu

ance of Panhandle Eastern Pipe Line Company and say as follows:

There exists an emergency in connection with the rates of Michigan Consolidated Gas Company affecting the inhabitants in the complainant municipalities for the reason that the Michigan Public Service Commission has a hearing scheduled on July 21, 1941, continued to said date from prior dates, wherein will be considered the question of whether the entire house-heating rates for customers in the complainant municipalities should be increased.

The allegations in respect to a cost of 3.5 cents per therm appearing on page 3 of respondent's petition for continu ance are on their face confused and deceptive in purport. for it is there alleged and concluded that "during the cal-[fol. 16734] endar year of 1941 such cost will not exceed three and five-tenths (3.5) cents per therm." But the average cost of gas during the calendar year 1941 is affected by the peak dates of December, 1939, and January, February, March, 1940, when the number of customers did not exceed 25,000 and the only reflection of the peak occurring in December, 1940, or in January, February, March, 1941, in the calendar year, will be for such use as is made of house-heating gas in the fall and early winter season of the 1941-1942 heating season. From the evidence before complainants, it appears that the house-heating demand has a load factor of 25% and in view thereof; that particular demand so enlarges the demand charge as to create an additional burden equal to about six (6), cents per therm in respect to the gas consumed by house heating customers in excess of 25,000.

The emergency confronting complainants municipalities still exists, for the Michigan Public Service Commission appears to be about to increase the rates for all house-[fol. 16735] heating customers unless such action shall be rendered unnecessary by the prompt and appropriate action of this Commission.

Respectfully submitted,

CITY OF DETROIT,
By Paul E. Kraus,
Corporation Council.

JAMES H. LEE,
Assistant Corporation Council.
COUNTY OF WAYNE,
WILLIAM E. DOWLING,
Prosecuting Attorney.

HAROLD GOODMAN,

Special Assistant Prosecuting Afterney.

District of Columbia-ss.

· Harold Goodman, being duly sworn, deposes and says that the foregoing statements by him subscribed are true according to his best knowledge and belief.

[fol. 16736] Designation of Trial Examiner.

By virtue of the order of the Commission adopted November 3, 1939, authorizing Commissioners and others to preside at hearings, and the Commission, by order adopted June 10, 1941, having directed that a hearing be field in the above matter, to convene at 9:45 o'clock a. m. on July 15, 1941, Samuel H. Crosby is designated as trial examiner to preside at said hearing.

Done, this 8th day of July 1941, by authority of the Commission.

LELAND OLDS, Chairman.

[fol. 16737] (Order Denying Petitions for Continuance of Date of Hearing.)

United States of America

Federal Power Commission

Commissioners, Leland Olds, Chairman, Claude L. Draper, Basil Manly, John W. Scott and Clyde L. Seavey.

July 8, 1941.

City of Detroit, Michigan, and County of Wayne, Michigan,

County of Wayne, Mich

Docket No. G-200. vs.

Panhandle Eastern Pipe Line Company,

and

Michigan Gas Transmission Corporation.

Upon petition of the Panhandle Eastern Pipe Line Company filed June 26, 1941, and petition of the Michigan Gas Transmission Corporation filed July 3, 1941, for a continuance of the hearing in this proceeding now fixed for July 15, 1941;

It appearing to the Commission that:

No good cause for the granting of said petitions has been shown:

The Commission orders that:

The petitions of the Panhandle Eastern Pipe Line Company and the Michigan Gas Transmission Corporation filed on June 26, 1941, and July 3, 1941, respectively, be and the same are hereby denied.

By the Commission.

LEON M. FUQUAY, Secretary

[fol. 16739] (Petition of Michigan Consolidated Gas Com-1 by for Leave to Intervene.)

(Received July 10, 1941, Federal Power Commission.)

Before the Federal Power Commission.

City of Detroit and County of Wayne, Municipal Corporations, Complainants,

Docket No. G-200. vs.

l'anhandle Eastern Pipe Line Company, and Michigan Gas Transmission Corporation, Defendants.

Michigan Consolidated Gas Company, Intervener

To the Honorable Members of the Federal Power Commission:

Comes now the Michigan Consolidated Gas Company by and through its attorney, Park Chamberlain, and, upon the ground that its participation in the proceedings may be in the public interest, moves the Federal Power Commission that it be granted permission to intervene in the proceedings now pending upon the petition for an investigation of the rates and charges of the Panhandle Eastern Pipe Colline Company and Michigan Gas Transmission Colline County of Wayne, municipal corporations of the State of Michigan, and in the proceeding instituted by the Federal Power Commission upon its own motion to investigate Panhandle Eastern Pipe Line Company and the Michigan Gas Transmission Corporation to determine the status of such companies under the "Natural Gas Act", whether rates charged by them for natural gas in interstate commerce are excessive, unjust, unreasonable, or discriminatory, and what rates and charges for natural gas for resale in the Detroit area would be just and reasonable, and for the following reasons:

1.

It is a public utility incorporated under the laws of the State of Michigan, engaged in the distribution of natural gas in the metropolitan area of Detroit, Michigan, and to a small extent in the production, sale, and distribution of manufactured gas.

 2

Petitioner has, since about July 1st, 1936, purchased its entire supply of natural gas from the defendant, Panhandle Eastern Pipe Line Company, (which delivers the gas through Michigan Gas Transmission Corporation, an affiliate), under the terms of a contract entered into between petitioner and Panhandle Eastern Pipe Line Company August 31st, 1935, and four supplemental contracts, all of which are subject to orders within the jurisdiction of the Federal Power Commission.

[fol. 16741] 3

Eastern Pipe Line Company is distributed to approximately 435,000 consumers within the State of Michigan for domestic, commercial, househeating, and industrial purposes, and the cost of natural gas is an operating expense which directly affects the rates which must be charged by petitioner to the public.

The rates and charges of petitioner are detablished by the Public Service Commission of the State of Michigan

gan, an intervener in these actions, and rates heretofore established by said Public Service Commission have been suspended pending the hearings before this Commission, and it is necessary in the public interest that the house-heating rates which have been suspended be promptly established because of the approaching fall and winter demand.

5.

Inasmuch as natural gas has, up to this time, been purchased under written contracts with Panhandle Eastern Pipe Line Company, petitioner is directly interested in such revisions of rates and in such regulations as may be required and enforced by this Commission with respect to the service and the discriminatory practices of Panhandle Eastern Pipe Line Company.

6:

Petitioner attaches hereto its duly verified petition directed toward and made a part of the investigations of [fol. 16742] Panhandle Eastern Pipe Line Company, its rates and charges as aforesaid, and asks that the same be filed therein and that it be allowed to become a party by way of intervention.

Wherefore your petitioner prays:

- (a) That it may be permitted to intervene and be treated as a party hereto;
- (b) That it be given the right to have notice of any and all proceedings:
- (c) That it be given the right to appear and be represented by counsel;
- (d) That it be given the right to have notice of and appear at the taking of testimony;
- (e) That it be given the right to produce and cross-examine witnesses;
- (f). That it be given the right to be heard on brief and on argument if oral argument be heard; and

- (g) That it be given such other and further rights as may be necessary to the full and complete protection of the public interest.
 - (h) Your petitioner will ever pray, etc.

MICHIGAN CONSOLIDATED GAS COMPANY.

By Park Chamberlain, Its Attorney.

Business Address: 815-15 St. N. W., Washington, D. C.

By Frank L. Conrad, Vice President, Business Address: Of Petitioner, 415 Clifford Street, Detroit, Michigan.

Dated: July 9, 1941.

[fol. 16743] State of Illinois, County of Cook—ss.

On this 9th day of July A. D. 1941 before me, a Notary Public, appeared Frank L. Conrad, to me known, who, being first duly sworn, did say that he is the Vice President of the Michigan Consolidated Gas Company, the petitioner herein; that he has read the foregoing petition for leave to intervene and that the statements therein contained are true, except as to those matters therein stated upon information and belief which he believes to be true.

ANNETTE HELBIG,

Notary Public in and for Cook County, Illinois.

My commission expires Aug. 25, 1942.

[fol. 16744] (Intervention of Michigan Consolidated Gas Company.)

To the Honorable Members of the Federal Power Commission:

The Michigan Consolidated Gas Company respectfully shows:

14

Petitioner is a corporation duly organized and existing under and by virtue of the laws of the State of Michi[fol. 16745] gan, with principal place of business at 415

Clifford Street in the City of Detroit, County of Wayne, and State of Michigan. It is a public utility engaged in the sale and distribution of natural gas, which it purchases from Panhandle Eastern Pipe Line Company, and in the production, sale, and distribution of manufactured gas in small amount. It serves, at the present time, approximately 435,000 residential, househeating, commercial, and industrial consumers located in the City of Detroit and environs, the area served being about 500 square miles in extent, including the cities of Hamtramck, Highland Park, Dearborn, River Rouge, Grosse Pointe, Melvindale, Wyandotte, Lincoln Park and 22 smaller municipalities, with a total population estimated on the basis of Federal Census to be 1,855,000.

2

The defendant, Panhandle Eastern Pipe Line Company, is a corporation organized and existing under and by virtue of the laws of the State of Delaware, with principal place of business at Kansas City, Missouri, and is engaged in the transportation of natural gas in interstate commerce and in the sale in interstate commerce of natural gas for resale for ultimate public consumption. It is a "natural gas company" as defined by the "Natural Gas Act" and has, since 1936, been furnishing the entire natural gas requirements of petitioner for distribution to its consumers, delivering such gas into the transmission mains of petitioner in Melvindale, Wayne County, Michigan. For convenience it will sometimes hereinafter be referred to as "Panhandle Eastern".

[fol. 16746]

3. .

The defendant, Michigan Gas Transmission Corporation, is a corporation organized and existing under and by virtue of the laws of the State of Delaware, engaged in the transportation of natural gas in interstate commerce, and in the sale in interstate commerce of natural gas for resale for ultimate public consumption and is a "natural gas company" as defined by the "Natural Gas Act". It has, throughout the period in which Panhandle Eastern has furnished natural gas to petitioner, transported all of said gas from the terminus of the pipe line of Panhandle Eastern situate at the Illinois-Indiana state

line at or near the town of Dana, Indiana, to the point of delivery to petitioner. For convenience it will sometimes hereinafter be referred to as "Michigan Gas Transmission".

4.

Panhandle Eastern is a subsidiary of Columbia Oil and Gasoline Corporation, which is in turn a subsidiary of Columbia Gas and Electric Corporation, both Delaware corporations. Michigan Gas Transmission is a wholly owned subsidiary of Columbia Gas and Electric Corporation and, therefore, an affiliate of Panhandle Eastern.

5.

On or about August 31, 1935, Panhandle Eastern entered into a written contract with petitioner, then named Detroit City Gas Company, agreeing to supply petitioner's requirements of natural gas up to a maximum daily demand of 90,000,000 cubic feet, or 912,600 therms, under what is known as a two-part rate. The demand or capacity charge is a monthly charge equal in amount to 38c [fol. 16747] multiplied by the number of therms delivered on the maximum day during the preceding months of December, January, February, and March, and the commodity charge is 1.5c per therm. Under this contractual rate, the cost of gas to petitioner at the point of delivery varies in accordance with the load factor on which it is taken, the rate at the following indicated load factors being approximately as follows:

Load	Facto	г		•	Ra	ate in	Cents Pe	r M.	ċ.f.
2	7%	ppin.					62.5		
. 50	0%		•				40		8
7 7	0%				6		32.9		
8	5%.	4 7 1	•				29 .		
100	0.9%					* ,	27.5	*	

(In this and the next succeeding section (6) the computation as to cost per M.c.f. is based on 1,000 B.t.u. gas.)

Under this contract it was made mandatory upon petitioner to ultilize its existing gas-holders, with capacity

of approximately 56,000,000 cubic feet, to assist in leveling peak loads, and petitioner was permitted to use its water gas generating equipment at its option for the purpose of reducing and leveling such peak loads, thereby increasing the load factor, releasing capacity to the pipe line company for other and further public service, and lowering the rate which petitioner is required to pay for natural gas.

6.

Under the contract, petitioner was required to pay 3¢ per therm for all gas taken prior to such time as its customers' appliances were completely adjusted for the use of natural gas. Since March 31st, 1937, shortly thereafter, petitioner has paid the following average rate per M.c.f. for each of the years indicated:

 [fol. 16748]
 For the year ending March 31, 1938...29.07¢

 For the year ending March 31, 1939.......32.08¢

 For the year ending March 31, 1940........32.13¢

 For the calendar year 1940............33.00¢

Due to the increased demand for gas for househeating and for defense purposes it is estimated and believed that the average cost of gas for 1941 will be substantially increased.

1

Detroit, located in a northern area, affords a large market for househeating gas. Due to the seasonal character of this type of service, the load factor is poor and is estimated to be around 27½%. The rates contained in the contract of August 31, 1935, failed to recognize that petitioner could not market househeating gas which cost in the neighborhood of 62½¢ per M.c.f. and not until some months after the contract had been made firm did did Panhandle Eastern become convinced that petitioner would not promote househeating sales if it be required to purchase under the contract rate. Desirous of promoting sales for househeating purposes, notwithstanding its low load factor, Panhandle Eastern entered into further

negotiations with petitioner and on or about June 2nd, 1936, voluntarily entered into a contract stipulating that it would pay petitioner a bonus of from \$10.00 down to \$2.00 per househeating consumer connected to its distribution mains up to 18,000 customers, the aggregate payment to be \$118,000. It further agreed that petitioner might place a total of 20,000 househeating customers on its mains and that the charge for the gas consumed for that purpose should not exceed approximately 4¢ per therm (equal to the rate provided for gas taken under the contract on a 50% load factor). Provision was made that \$fol. 16749] the cost of househeating gas should be computed under both the original and supplemental contracts and that petitioner would be charged the lowest of the two rates.

On or about September 29, 1939, by a third supplemental contract, Panhandle Eastern voluntarily extended the same househeating rate of not to exceed approximately 4¢ per therm, to 5,000 additional customers and increased the maximum daily demand to 100,000,000 cubic feet, the latter being increased to 125,000,000 cubic feet by a fourth supplemental contract under date of June 29, 1940.

To stimulate sales of househeating gas, petitioner established and announced a rate which is believed fair and reasonably compensatory for that class of service and soon succeeded in placing 25,000 househeating customers on its mains. Additional consumers sought the same type of service and, notwithstanding Panhandle Eastern had made a voluntary rate for 25,000 consumers at approximately 4c per them and paid a bonus or premium for the business, it refused to furnish gas for other consumers at that rate, thus wilfully discriminating against petitioner.

Petitioner, as a public utility, is unable to discriminate as against others in the class of househeating consumers and Panhandle Eastern, although repeatedly requested to make househeating gas available to petitioner at the same rate, in amount sufficient to serve other consumers demanding the same type of service under the same conditions, has refused such gas to petitioner except that petitioner pay for it under the terms of the original con-

tract, or on a basis of about 62¢ per M.c.f. More than 40,000 househeating consumers are now attached to petitioner's distribution mains and it is believed that within a year or two that number will be increased to 60,000. [fol. 16750] No intervening circumstances or costs justify the refusal of Panhandle Eastern to make available to petitioner a rate for househeating gas, available to all applicants for that type of service, no higher than that which it voluntarily put into effect for the first 25,000 gas consumers attached to the mains of petitioner which were procured at the solicitation of and at large expense to Panhandle Eastern and its action constitutes unjust discrimination and undue prejudice within the meaning of the "Natural Gas Act".

8:

Sales of natural gas made by Panhandle Eastern in 1935 were approximately 15,979,390 M. c. f. and were the largest for any year since the pipe line was placed in operation. Its net earnings from operations for 1935 were approximately \$1,494,650.91, wholiv inadequate to provide any return to stockholders after the payment of interest and fixed charges and, the fact, creating an additional deficit of \$326,054.03. Since 1935 the annual sales of Panhandle Eastern in M. c. f., and the amount taken by petitioner, have been as follows:

	4,	. Solotal Sales	Sales to Petitioner	of Total
1936		26,747,931	3.957,058	14:8
1937		40,806,962	15,969,598	39.1
1938		41,185,762	16.032.297	⊕ 39 .
1939	٠.	49.233.0723	18,391,954	37.35
1940		56, 394, 762	22, 281, 273	39.5

As a result of the increased sales made possible by the Detroit contract, the corporate income of Panhandle has increased as indicated in the following statement:

		Net Earnings from Operations		to Stockholders	
1934		\$1,004,104 52	200	\$ 872,006.76	
1935		1.494.660 91	3	326,054 03*	
- 1936		2,859,441,49		1.711,185 43	-
1937	By	4;859.071.78		3,759,527.81	h
1938	*	4:386.985 18		3,059,223.74	
1939		5,615,979.84	*	4,363,399.34	
1940	. 10	5,727,645.85		4,548,323.98	
	1 30 00 0				

*Deficit

[fol. 16751] Defendant, Panhandle Eastern, has expended for improvements and extensions to its physical properties approximately \$15,500,000 during the years, 1939 to 1939, inclusive, and \$5,750,000 in 1940, a total of \$21,230,000. The book value of its plant as of the close of 1940 is reported as approximately \$65,000,000 with accrued depreciation reserves of over \$9,000,000, leaving a net value of \$56,000,000. The book value as of the beginning of 1936, less depreciation, was therefore between thirty-live and forty million dollars.

The contract with petitioner has resulted in a sale of approximately 40% of the total sales of Panhandle Eastern since its effective date, the sales in that area having increased in the same proportion as the increase along the length of the pipe line. Not only does petitioner take 40% of the total sales of Panhandle Eastern, but the gas purchased is delivered at one point with a minimum of accounting, testing and measurement expense. This is in direct contrast with the remaining sales which are made up of small deliveries along the entire length of, a 1,200 mile transmission line.

Since 1935 the sales of Panhandle Eastern have increased 252% and the increased investment in facilities was approximately only 50%. Further the construction of the connecting line necessary to supply Detroit has enabled Panhandle Eastern to enormously increase its sales in Indiana, the increase by 1940 being more than eight billion cubic feet.

Further, the execution of this contract with its advantageous terms and the practical pledge of the great do[fol. 16752] mestic and industrial market of the metropolitan area of Detroit for the future, instantly and permanently established the ecomonic soundness of the pipe line project and guaranteed its earning capacity over such a period of years that no question could arise as to its ability to fully amortize its facilities during the period of their useful life. It turned failure into success and transformed Panhandle Eastern from a losing venture to an investment of the highest class, enabling it to attract money at unusually low cost and making service possible and cheaper to the communities served along the line, together with many additional ones.

Therefore, in the establishment of rates the Detroit area is entitled to recognition not only for the lessened cost of delivery of so great a quantity, but for the contribution made by it, insuring the stability and permanence of the investment and extending a needed public service to communities otherwise unable to obtain it.

Notwithstanding the fact that the sales to petitioner enabled Panhandle Eastern to greatly increase its income, and notwithstanding its income has been constantly increasing, the cost of gas to petitioner for use in the Detroit area per unit of consumption has continually increased, whereas rates in other areas have been lowered.

Petitioner alleges that the rate charged by Panhandle Eastern for natural gas for resale for public consumption in the Detroit area under this contract is now unreasonable and excessive, and that Panhandle Eastern is earning more [fol. 16753] than a fair return on its property used and useful in the conduct of the business as a result thereof. It further alleges that said rates are unjustly discriminatory as against both the locality served and the class of service rendered, and that by a practical construction of the terms of said contract made and insisted upon by Panhandle Eastern, petitioner and the gas consumers to whom it distributes natural gas are suffering undue discrimination, prejudice, and disadvantage.

Wherefore petitioner prays for an investigation by the Federal Power Commission of the rates, classifications, and practices of Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation and of the unjust discrimination, undue prejudice and disadvantages suffered by petitioner and the public by reason of the acts and practices of defendants and the practical interpretations placed by them upon their contracts and rate schedules, Petitioner further prays for a finding that the rates and charges of Panhandle Eastern Pipe Line Company and Michigan Gas Transmission, Corporation are unjust and unreasonable, and unlawfully preferential and cause undue prejudice and disadvantages to petitioner and the public in the Detroit metropolitan area, and that a schedule of fair and reasonable rates be established for natural gas sold for resale for

public consumption, and for such other relief as may be found just and right in the public interest.

And petitioner will ever pray, etc.

MICHIGAN CONSOLIDATED GAS COMPANY,

By Park Chambolain,

Its Attorney,

Business Address: 815-15th St., N. W. Washington, D. C.

By Frank L. Conrad,

Vice President,

Business Address: Of Petitioner,

415 Clifford Street, - a. Detroit, Michigan.

Dated: July 9, 1941.

[fol. 16754] State of Illinois, County of Cook—ss.

On this 9th day of July, A. D. 1941 before me, a Notary Public, appeared Frank L. Conrad, to me known, who, being first daly sworn, did say that he is the Vice President of the Michigan Consolidated Gas Company, the petitioner herein; that he has read the foregoing petition and that the statements therein contained are true, except as to those matters therein stated upon information and belief which he believes to be true.

ANNETTE HELBIG, Notary Public in and for Cook County, Illinois.

My commission expires Aug. 25, 1942.

[fol. 1675] (Order Permitting Intervention of Michigan Consolidated Gas Company.)

United States of America

Federal Power Commission

Commissioners Claude L. Draper, Acting Chairman, Basil Manly, John W. Scott and Clyde L. Seavey. Leland Olds not participating.

July 12, 1941.

City of Detroit, Michigan, and County of Wayne, Michigan, Docket No. G-200. vs.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

It appearing to the Commission that:

- (a) On July 10, 1941, the Michigan Consolidated Gas Company filed a petition with this Commission for leave to intervene in the above-entitled matter;
- (b) The participation of the Michigan Consolidated Gas Company in this matter may be in the public interest;

The Commission orders that:

The Michigan Consolidated Gas Company be and it is hereby permitted to become an intervener and a party to this proceeding, subject to the rules and regulations of this Compassion; provided, however, that the admission of the Michigan Consolidated Gas Company as an intervener and party to this proceeding shall not be construed as recognition by the Commission that such party might be aggrieved by any order of the Commission issued in this proceeding.

By the Commission.

LEON M. FUQUAY, Secretary.

[fol. 16757] Answer of Michigan Gas Transmission Corporation to Petition of Intervener, Michigan Consolidated Gas Company.

(Received August 12, 1941, Federal Power Commission.)

Before the Federal Power Commission

Chy of Detroit and County of Wayne, Municipal Corporations, Complainants,

Docket No. G-200. Y vs.

Panhandle Eastern Pipe Line Company, and Michigan Gas Transmission Corporation, Defendants.

To The Honorable Members of the Federal Power Commission:

Michigan Gas Transmission Corporation, defendant, in answer to the petition of the intervener, Michigan Con-

solidated Gas Company, respectfully shows to the Com-

First: In answer to the paragraph of said petition, numbered "1": said defendant denies that it has any knowledge or information sufficient to form a belief as to the allegations thereof, except that said defendant admits that said petitioner is a public utility engaged in the sale and distribution in the City of Detroit and environs of natural gas, which it purchases from Panhands Eastern Pipe Line Company.

Second: In answer to the paragraph of said petition, numbered "4" said defendant admits that it is a wholly ([fol. 16758] owned subsidiary of Columbia Gas & Electric Corporation and that the Securities and Exchange Commission has held that Panhandle Eastern Pipe Line Company is a "subsidiary mpany" of Columbia Oil & Gasoline Corporation and that Columbia Oil & Gasoline Corporation is a "subsidiary company" of said Columbia Gas & Electric Corporation, as the term "subsidiary company" is defined in Section 2(a)(8) of the Public Utility Holding Company Act of 1935, but denies on information and belief that for any other purpose whatsoever said Panhandle Eastern Pipe Line Company is a subsidiary of said Columbia Oil & Gasoline Corporation or that said Columbia Oil . & Gasoline Corporation is a subsidiary of said Columbia Gas & Electric Corporation or that said defendant is an affiliate of Panhandle Eastern Pipe Line Company.

Third: In answer to the paragraph of said petition, numbered "5": said defendant admits that on or about August 31, 1935, Panhandle Eastern Pipe Isine Company, entered into a written contract with said petitioner, and begs leave to refer to said contract for a full and accurate statement of the terms and conditions thereof and the effect thereof.

Fourth: In answer to the paragraph of said petition, numbered "6": said defendant admits that said contract provided for a price of 3¢ per therm for gas delivered thereunder between the Date of Initial Delivery and the Effective Date, as such terms are defined in said contract, and admits that said petitioner has paid under said contract the average rate per Mcf (based on a hypothetical

1,000 Btu gas) alleged in said paragraph for the years ended March 31, 1938 and March 31, 1939, respectively, but denies that the average rates paid under said contract for the year [fol. 16759] ended March 31, 1940, and the calendar year 1940, respectively, were as stated in said paragraph, and denies that it has any knowledge or information sufficient to form a belief as to the truth of the remaining allegations in said paragraph.

Eifth: In answer to the paragraph of said petition, numbered "7": said defendant denies that it has any knowledge or information sufficient to form a belief as to the truth of the allegations contained therein, except that it admits that Detroit, located in a northern area, affords a large market for househeating gas, that due to the seasonal character of this type of service the load factor is poor, and that certain supplemental contracts were entered into between Panhandle Eastern Pipe Line Company and said Michigan Consolidated Gas Company and begs leave to refer to the provisions of said supplemental contracts for a full and accurate statement of the terms and conditions thereof and the effect thereof.

Sixth: In answer to the paragraph of said petition, numbered "8": said defendant denies that it has any knowledge or information sufficient to form a belief as to the truth of the allegations contained therein, except that it admits that the sales of natural gas made by Panhandle Eastern Pipe Line Company to said petitioner for the years 1936, 1937, 1938, 1939 and 1940 were approximately of the respective amounts stated in said paragraph.

Seventh: In answer to the paragraph of said petition, numbered "9": said defendant denies that it has any knowledge or information sufficient to form a belief as [for. 16760] to the truth of the allegations contained therein.

Eighth: In answer to the paragraph of said petition, numbered "10": said defendant denies that it has any knowledge or information sufficient to form a belief as to the truth of the allegations contained therein, except that it admits that the gas purchased by said petitioner from Panhandle Eastern Pipe Line Company for resale

and distribution in the City of Detroit and environs is delivered at one point.

Ninth: In answer to the paragraph of said petition, numbered "11": said defendant denies that the rates charged to said petitioner for gas have been increased.

Tenth: In answer to the paragraph of said petition, numbered "12": said defendant denies that it has any knowledge or information sufficient to form a belief as to the truth of the allegations contained therein.

Eleventh: Said defendant points out that while said petitione prays for a finding that the rates of said Michigan Gas Transmission Corporation are unjust, unreasonable, and unlawfully preferential, it is nowhere in said petition alleges that said defendant's rates and charges are unjust, unreasonable, or unlawfully preferential, and that said petitioner makes no allegation as to the rates; charges, or practices of said Michigan Gas Transmission Corporation.

Wherefore, said defendant prays that said petition be dismissed as to said defendant, Michigan Gas Transmission Corporation.

MICHIGAN GAS TRANSMISSION CORPORATION,

By Walter C. Beckjord, President.

Office and Post Office Address: Suite 2901, No. 61 Broadway, New York, N. Y.

[fol. 16761] State of New York: County of New York—ss.

Walter C. Beckjord, being duly sworn, deposes and says:

That he is the President of Michigan Gas Transmis-, sion Corporation, one of the defendants in the above entitled proceeding; that he has read the foregoing answer and knows the contents thereof and that the same is true to his own knowledge except as to the matters therein stated to be alleged upon information and belief and that as to those matters he believes it to be true.

WALTER C. BECKJORD.

Sworn to before me this 11 day of August, 1941.

Maude H. Curry,

Notary Public, New York County, N. Y. Co. Clk's No. 390, Rev. No. 2C-543 Nassau County Clerk's No. 35-C-40. Commission expires March 30, 1942. (Notarial Seal)

Pipe Line Company, to the Petition of Michigan Consolidated Gas, Company, Intervener

(Received August 18, 1941.)

Before the .

Federal Power Commission

Docket No. 0-200

City of Detroit and County of Wayne, Municipal Cor-

Panhandle Eastern Pipe Line Company, and Michigan Gas Transmission Corporation, Defendants.

Michigan Consolidated Gas Company, Intervener

To the Honorable Members of the Federal Power Commission:

Defendant, Panhandle Eastern Pipe Line Company, for its separate answer to the petition of infervenor, respectfully shows:

- 1. Answering paragraphs 1, 2 and 3 of said petition, this defendant admits the allegations thereof, except those with respect to the status of Michigan Gas Transfol 16763 mission Corporation under the Natural Gas Act, concerning which this defendant is without sufficient knowledge and information to form a belief.
- 2. Answering paragraph 4 of the petition, defendant denies the allegations thereof, except that it admits that under the provisions of the Public Utility Holding Company Act of 1935, it has been held by the Securities and Exchange Commission to be a subsidiary of Columbia Oil and Gasoline Corporation, which in turn is a subsidiary of Columbia Gas and Electric Corporation, and except that it admits on information and belief that Michigan Gas Transmission Corporation is a subsidiary of Columbia Gas and Electric Corporation.

- Answering paragraph' 5 of said petition, this defendant admits that on August 31, 1935, it entered into a written contract with intervener; then named Detroit City, Gas Company, providing, among other things, for the sale and delivery of natural gas to intervener up to a maximum daily demand and at the rate set forth by petitioner and admits that the cost of gas per MCF at the different load factors enumerated by intervener is approximately correct when based on one thousand BTU gas. Defendant also admits that said contract of August 31, 1935, required intervener to utilize its existing storage holders and permitted it to use its water gas generating equipment for the purpose of leveling peaks, but alleges that intervener has not, by the use of its storage holders and gas generating plant, released pipe line capacity of this defendant for other and further public service.
- 4. Answering paragraph 6 of the petition, defendant admits that for the years ending March 31, 1938, March [fol. 16764] 31; 1939, and March 31; 1940, the average cost per MCF to intervener was approximately the camounts set forth in said paragraph, but denies that the average cost to intervener for the calendar year 1940 was 33.80 cents: It says that in truth the average cost of gas to infervener for the calgudar year 1940, based on one thousand BTU gas, was approximately 32.01 cents per MCF or 1.79 cents less than the amount alleged by intervener. In this connection, the defendant points out that it is obviously erroneous and misleading to compare. (as intervener has done) the rate for the calendar year 1940 with the rate for the preceding fiscal year ending March 31, 1940; and says that if a comparison between the period following March 31, 1940, and the preceding period is of importance, the comparison should be made. by the use of the fiscal year ending March 31, 1941, rather than with the calendar year 1940, and that the actual cost to intervener for gas produced during the fiscal year ending March 31, 1941, was 31.88 cents.
- 5. Answering paragraph 7 of the petition, defendant admits that it is now and has at all times been desirous of promoting sales for househeating purposes, as well as any other purposes for which gas sold to intervener might

be suitably used, and that it paid intervener bonuses for 18,000 2househeating customers added to intervener's mains. It admits that by a Supplemental Contract of September 29, 1939, it entered into a contract with intervener, increasing this defendant's maximum daily obligation to 100,000,000 cubic feet and extended the househeating rate provided in the contract of June 2, 1936, to include an amount of natural gas equal to the requirements of an additional 5,000 househeating customers and that by contract dated June 29, 1940, defendant's maximum daily obligation was further increased to 125,000,000 cubic feet.

[fol. 16765] It admits that the original contract and allsupplemental contracts were entered into by defendant voluntarily and without coercion of any kind and that said contracts have resulted in the sales of substantial volumes of gas to intervener.

It admits that intervener has succeeded in placing 25,000 househeating customers on its mains, but denies that it has wilfully or otherwise discriminated against intervener or subjected it to undue prejudice. It denies that the contracts heretofore entered into between intervener and this defendant have been at the solicitation of this defendant, but says that said contracts were entered into as a result of arms length bargaining between intervener and this defendant and that the supplemental contracts relating to househeating customers were excuted as a result of solicitation by intervener therefor.

Defendant denies that it has ever required intervener to pay for househeating gas at the rate of 62 cents per MCF during any year of operations under said original contract or said supplemental contract. It admits that more than 40,000 househeating customers are now attached to intervener's distributing mains.

Defendant denies that it his ever placed any limitation on the number of househeating customers which intervener might place on its mains and states that the only limitation with respect to househeating customers contained in said contracts is that intervener's right to purchase gas thereunder at a rate which would not exceed four cents per therm, was limited to a total of 25,000 customers.

Further answering said paragraph 7, defendant alleges that the actual unit cost to intervener for quantities of gas purchased for resale to househeating customers in [fol. 16766] excess of 25,000 in number is dependent upon the rate of growth of its househeating business from year to year and upon the relation of the demand contributed or created by househeating customers in excess of 25,000 to the consumption during the year of househeating customers in excess of 25,000. Defendant further alleges that intervener has been purchasing gas from defendant for resale to househeating customers on a "lagging demand" and for that reason its unit cost of gas for resale to househeating customers in excess of 25,000 has been substantially less than four cents per therm. Defendant alleges that the average cost per therm to intervener of gas resold to such excess househeating customers during the calendar year 1940 was only 2.395 cents per therm; and that, based upon reasonable estimates, its average cost of gas for resale to househeating customers in excess of 25, 000 during the calendar year 1941 will be less than 3.5 cents per therm and may not exceed the cost during the calendar year 1940, depending upon the rate of growth of househeating business during the calendar year 1941.

Further answering, defendant alleges that by letter to intervener, dated July 18, 1940, it offered to substitute for the rate provided in the aforesaid contract, as supplemented and amended, a different form of rate which would result in a charge of not more than four cents per therm for natural gas sold to it for resale to househeating customers, regardless of the number thereof, but said offer was not accepted. Defendant also alleges that in April, 1941, it indicated to intervener in writing a willingness to recommend to its Board of Directors another rate schedule in substitution for the existing rate schedule under the househeating portion of which intervener could purchase natural gas for resale to an unlimited number of. [fol: 16767] househeating customers at a cost of four cents per therm. Defendant states that to this date intervener has not indicated a willingness to accept said rate schedule, although it would effect a substantial savings to intervener.

- 6. Answering paragraph 8 of the petition, defendant denies that the figures set forth by intervener purporting to represent defendant's total sales and net earnings from operations are correct, but in this connection states that said figures reasonably approximate the correct figures for consolidated sales and consolidated net earnings from operations of defendant and its subsidiary companies. Defendant admits that the other figures set forth in paragraph 8 of the petition reasonably approximate the correct figures.
- 7. Answering paragraph 9 of the petition, defendant admits that the amount of expenditures for improvements and extensions to its physical properties from 1936 to 1940, inclusive, reasonably approximate the amount set forth therein. Defendant admits that its books reflect a plant account of approximately sixty-five million dollars and that entries for depreciation, depletion and amortization, as recorded on its books, are in excess of nine million dollars, but denies that the figures set forth in said paragraph represent either the value of defendant's plant, or the actual depreciation, depletion or amortization thereof.
- 8. Answering paragraph 10 of the petition, defendant admits that its present sales to intervener are approximately forty per cent of its total sales.

Defendant admits that its sales and investment in facilities have increased approximately as set forth in said [fol. 16768] petition, and admits that through use of the connecting line now used in supplying Detroit, defendant has increased its sales in the State of Indiana.

In this connection, defendant shows that when the decision was finally reached to supply gas for use in the City of Detroit and it became necessary, in order to supply that market, for defendant to increase its other facilities, both with respect to pipe line and reserves, the management of defendant decided to increase its facilities to such an extent that by the use of that same line for transporting this gas it could market additional gas in the State of Indiana. Likewise, when the connecting line referred to was constructed, it was constructed with facilities adequate for use in transporting gas not only to the

City of Detroit but to various points in the State of Indiana.

Defendant admits that operations under its contract with intervener have contributed to the successful operation of defendant's project, but denies that there was any greater earnings resulting from such operations than from equivalent sales to defendant's other customers or from sales which might have been negotiated in other markets or to other purchasers who might have desired to furnish gas to the City of Detroit if intervener had not seen fit to enter into a contract with defendant:

Defendant further alleges in this connection that the contract between it and intervener has been one extremely valuable to intervener in that it has made available to intervener for distribution in the Detroit area greater volumes of gas than theretofore distributed by it in said area, at a cost to it which was, as stated in a letter from the President of intervener to its customers, written in June, 1936, [fol. 16769] thirty-four per cent lower than the lowest presions proposal offered it by any company.

Defendant denies that from a regulatory or any other standpoint intervener is entitled to special recognition or favors greater than those allowed other customers of defendant with respect to the prices charged for gas or with respect to contractual provisions relating to the price of gas.

- 9. Answering paragraph 11, of the petition, defendant denies that, eliminating the period of preliminary build-up of intervener's load, there has been any material increase in the price of gas charged intervener by defendant. In this connection, defendants says that such slight variations in the unit cost of gas under the contract and various supplements as have occurred during the several years since the preliminary build-up period closed, such slight variations have been the result of the manner selected by intervener in the operation of its business and failure to take advantage of privileges granted by said contract which, if exercised, might reasonably have resulted in a substantially lower unit cost than that now being paid.
- 10. Answering paragraph 12 of the petition, defendant denies that its rates for natural gas for resale for pub-

lic consumption in the Detroit area are unreasonable or excessive, and denies that it is earning more than a fair rate on its property used and useful in the conduct of its business. Defendant further denies that its rates are unjustly discriminatory, either as against the locality served or as to the class of service rendered, and denies that by reason of a practical construction of the terms of its contract with intervener, or otherwise, intervener and [fol. 16770] the gas consumers to whom it distributes natural gas are suffering undue discrimination, prejudice or disadvantage.

Wherefore, defendant prays that the petition of intervener, Michigan Consolidated Gas Company, be dismissed denied.

Respectfully submitted,

PANHANDLE EASTERN PIPE -LINE COMPANY,

By G. J. Neuner, Vice President. 1221 Baltimore Avenue, Kansas City, Missouri.

Glenn W. Clark, Attorney.

1221 Baltimore Avenue, Kansas City, Missouri,

State of Missouri, .

County of Jackson-ss.:

G. J. Neuner, being first duly sworn, deposes and says that he is Vice President of Panhandle Eastern Pipe Line Company, one of the defendants herein; that he has read the foregoing Answer of Defendant, Panhandle Eastern Pipe Line Company, to the Petition of Michigan Consolidated Gas Company, Intervener, and knows the contents thereof, and that the same are true to his own knowledge, except as to the matters therein stated to be alleged upon information or belief and as to those matters he believes them to be true.

G. J. NEUNER.,

Subscribed and sworn to before me this 16th day of August, 1941.

MARY C. MAGERS, Notary Public.

My Commission expires August 31, 1943.

[fol. 16771] (Motion to Dismiss of Panhandle Eastern Pipe Line Company.)

(Received August 20, 1941, Federal Power Commission.)

To the Honorable Members of the Federal Power Commission:

Comes Now Defendant, Panhandle Eastern Pipe Line Company, and moves that the above named and numbered complaint be forthwith dismissed by this Commission, upon the ground that complainants, although offered full opportunity to present evidence in support of their comfol. 16772] plaint, have failed to offer or present evidence of sufficient probative value to justify this Commission in finding that the rates and charges of this defendant, or any of said rates and charges are either unjust or unreasonable or are unlawfully preferential or work undue prejudice or disadvantages in respect to complainants, or either of them, or in respect to any other person or corporation.

Respectfully submitted,

PANHANDLE EASTERN PIPE LINE COMPANY,

By G. J. Neuner,

Vice President, 1221 Baltimore Avenue, Kansas City, Missouri.

Glenn W. Clark, Attorney, 1221 Baltimore Avenue, Kansas City, Missouri.

D. H. Culton, Attorney, 1221 Baltimore Avenue, Kansas City, Missouri.

Carl I. Wheat,
Attorney,
520 Shoreham Building,
Washington, D. C.

[fol. 16773] (Motion to Dismiss of Michigan Gas Transmission Corporation.)

To The Honorable Members Of The Federal Power Commission:

Comes Now Defendant Michigan Gas Transmission Corporation and moves that the above named and numbered complaint be forthwith dismissed by this Commission upon the ground that complainants, although offered full opportunity to present evidence in support of their complaint, have failed to offer or present evidence of sufficient probative value to justify this Commission in finding that the rates and charges of said defendant, or any of said rates and charges, are either unjust or unreasonable or are unlawfully preferential or work undue prejudice or disadvantages in respect to complainants, or either of them, or in respect to any other person or corporation, (fol. 16774) and on the further ground that no relief is asked by said complainants, against said defendant Michigan Gas Transmission Corporation in their petition herein.

Respectfully submitted,

MICHIGAN GAS TRANSMISSION CORPORATION,

By Walter C. Beckjord,
President,
Suite 2901,
61 Broadway,
New York, N. Y.

Milton C. Baldridge, Attorney, 61 Broadway, New York, N. Y.

Dated, August 19, 1941.

[fol. 16775] (Order of Federal Power Commission Denying Motions to Dismiss of Panhandle Eastern Pipe Line Company and Michigan Gas. Transmission Corporation.)

United States of America,

Federal. Power Commission.

Commissioners.) Leland Olds, Chairman, Claude L. Commissioners.) Draper and John W. Scott. Basil Manly and Clyde L. Seavey not participating.

September 2, 1941.

City of Detroit, Michigan, and County of Wayne,

Docket No. G-200, vs.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

Upon consideration of a motion filed by Panhandle Eastern Pipe Line Company on August 20, 1941, and motion filed by Michigan Gas Transmission Corporation on August 21, 1941, to dismiss the proceeding herein upon certain grounds as specified in said motions, and the request for oral argument thereon;

It appearing to the Commission that an order has this day been adopted consolidating this proceeding with the proceedings at Docket No. G-207 in the matter of Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation, and that no good cause exists for granting the said motions;

The Commission orders that:

The motions be and they are hereby denied.

By the Commission.

LEON M. FUQUAY, Secretary. [fol. 16776] Order Instituting Investigation.

United States of America,

Federal Power Commission.

Commissioners) Leland Olds, Chairman, Claude L. Commissioners) Draper, Basil Manly, John W. Scott) and Clyde L. Seavey.

May 22, 1941,

In the Matter of

Panhandle Eastern Pipe Line Company, and Michigan Gas Transmission Corporation.

Docket No. G-207.

It appearing to the Commission that:

(a) On February 28, 1941, the City of Detroit and the County of Wayne, Michigan, both of which are municipalities within the meaning of the Natural Gas Act, filed, at Docket No. G-200, a petition which, among other things, alleges in substance? that the Panhandle Eastern Pipe Line Company is engaged in the transportation of natural gas in interstate commerce from producing fields in the States of Texas and Kansas to a point of delivery near the City of Detroit; that it is also engaged in the sale of such gas to the Michigan Consolidated Gas Company for resale in said City of Detroit and County of Wayne; that such gas is transported from a point on the Indiana-Illinois boundary line to a point at or near the City of Detroit by the Michigan Gas Transmission Corporation for the account of the Panhandle Eastern Pipe Line Company, for which transportation Panhandle Eastern Pipe Line Company pays its affiliate, Michigan Gas Transmission Corporation, an excessive rate or charge; that the rates and charges demanded and collected by Panhandle Eastern Pipe Line Company from the Michigan Consolidated Gas Company are unjust, unreasonable, and unduly discriminatory; and said City of Detroit and County of Wayne request this Commission, after investigation, to fix and determine the just and reasonable rates to be thereafter observed and in force in respect of such transportation and sale of natural gas for resale in said City and County;

- (b) Michigan Gas Transmission Corporation filed an answer to said petition on March 28, 1941, denying, among other things, that it is affiliated with Panhandle Eastern Pipe Line Company, or "that the division to Michigan Gas Transmission Corporation of the rates and charges maintained by Panhandle Eastern Pipe Line Company are unjust and unreasonable, or that any charges of Michigan [fol. 16777] Gas Transmission Corporation in connection with the sale or delivery of gas to Michigan Consolidated Gas Company are excessive, unjust or unreasonable":
- (c) Panhandle Eastern Pipe Line Company filed an answer to said petition, on April 3, 1941, denying, among other things, that it is affiliated with the Michigan Gas Transmission Corporation, or that it is controlled by the Columbia Gas & Electric Corporation, or that its rates are unjust, unreasonable, or discriminatory;
- (d) The Pannandle Eastern Pipe Line Company is engaged in the transportation of natural gas in interstate commerce through a transmission pipe line extending from the State of Texas to a point on the border line between the States of Illinois and Indiana, and the sale in interstate commerce of natural gas for resale, and may be a natural gas company within the meaning of the Natural Gas Act:
- (e) The Michigan Gas Transmission, Corporation is engaged in the transportation of natural gas in interstate commerce through a transmission pipe line extending from a point on the border line between the States of Illinois and Indiana to a point at or near the City of Detroit, Michigan, and the sale in interstate commerce of natural gas for resale, and may be a natural-gas company within the meaning of the Natural Gas Act;
- (f) Natural gas sold by the Panhandle Eastern Pipe Line Company to the Michigan Consolidated Gas Company for resale in the City of Detroit is transported by Michigan Gas Transmission Corporation through its interstate transmission pipe line for the account of Panhandle Eastern Pipe Line Company;

(g) It is necessary and proper, in the public interest, and to aid in the enforcement of the provisions of the Natural Gas Act that an investigation be instituted by the Federal Power Commission, on its own motion, (1) to determine whether the Panhandle Eastern Pipe Line Company or the Michigan Gas Transmission Corporation is a natural-gas company within the meaning of the Natural Gas Act; and (2) into and concerning all rates, charges, or classifications demanded, observed, charged, or collected by the Panhandle Eastern Pipe Line Company and the Michigan Gas Transmission Corporation in connection with any transportation or sale of natural gas subject to the jurisdiction of the Commission, and any rules, regulations, practices, or contracts affecting such rates, charges, or classifications;

The Commission, on its own motion, orders that:

[fol. 16778] An investigation of the Panhandle Eastern Pipe Line Company and the Michigan Gas Transmission Corporation be and it is hereby instituted for the purpose of enabling the Commission:

- (1) To determine with respect to each of said companies (a) whether it is a natural-gas company within the meaning of the Natural Gas Act, and (b) whether in connection with any transportation or sale of natural gas subject to the jurisdiction of this Commission, any rates, charges, or classifications demanded, observed, charged, or collected or any rules, regulations, practices, or contracts affecting such rates, charges, or classifications, are unjust, unreasonable, unduly discriminatory, or preferential; and
- (2) If the Commission, after hearing has been had, shall find that the Parhandle Eastern Pipe Line Company or the Michigan Gas Transmission Corporation is a natural gas company within the meaning of the Natural Gas Act, and that any of their rates, charges, classifications, rules, regulations, practices, or contracts, subject to the jurisdiction of this Commission, are unjust, unreasonable, unduly discriminatory, or preferential, to determine and fix by appropriate order or orders, just and reasonable

rates, charges, classifications, rules, regulations, practices, or contracts to be thereafter observed and in force.

By the Commission.

J. H. GUTRIDE, Acting Secretary

[fol. 16779] Order Consolidating Proceedings For Purposes of Hearing.

United States of America,

Federal Power Commission.

Commissioners

Leland Olds, Chairman, Claude L. Draper and John W. Scott. Basil Manly and Clyde L. Seavey not participating.

September 2, 1941.

City of Detroit, Michigan, and County of Wayne, Michigan,

Docket No. G-200. vs.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

In the Matter of

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

Docket No. G-207.

It appearing to the Commission that:

- (a) By order of June 10, 1941, the Commission fixed the date of hearing in the above-entitled proceeding at Docket No. G-200 for July 15, 1941, and hearing thereon was held on July 15, 16, and 18 and was adjourned to reconvene on September 2, 1941;
- (b) The proceedings in the above entitled matters at Docket No. G-200 and Docket No. G-207 involve similar issues and facts;

The Commission orders that:

(A) A public hearing in the proceeding at Docket No. G-207 be held commencing on September 2, 1941, at 9:45

a. m. (E.S.T.), at 1800 Pennsylvania Avenue, N. W., in the City of Washington, D. C.;

(B) The proceedings in the above-entitled matters at Docket No. G₅200 and Docket No. G-207 be and they are hereby consolidated for the purposes of hearing thereon.

By the Commission.

LEON M. FUQUAY, ... Secretary.

[fol. 16799] (Petition of Panhandle Eastern Pipe Line Company for Continuance of Hearing.)

(Received February 4, 1942, Federal Power Commis-

Before the Federal Power Commission of the United States.

In the matter of

"City of Detroit, Michigan, and County of Wayne, Michigan, Complainants,

Docket No. G-200 · vs.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation, Defendants.

In the matter of

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

Docket No. G-207: .

Panhandle Eastern Pipe Line Company, one of the defendants in the above entitled cause, hereby petitions the Commission for a continuance of the hearing now in progress, and as grounds therefor states:

Status of Hearing.

The hearing in these proceedings has been in progress since July 15, 1941. Short recesses only have been taken, these having been solely for such periods of time as were necessary to enable the defendants to prepare their direct

testimony and also to enable counsel for other parties to prepare for cross-examination of defendants' witnesses.

[fol. 16800] The direct testimony of defendant Panhandle Eastern Pipe Line Company was completed on October 29. 1941, except for such additional testimony as may be required to complete certain phases of the case. The direct. testimony of defendant Michigan Gas Transmission Corporation was completed on November 19, 1941. Five days thereafter, on November 24, 1941, Commission counsel and counsel for the complainants and interveners commenced cross-examination of defendant Panhandle Eastern Pipe Line Company's witnesses. This cross-examination has been continuous, except for a brief recess during the holiday season. Since cross-examination commenced, more than 5,000 pages of oral testimony have been taken, the entire record now containing more than 7500 pages of oral testimony and more than 150 exhibits. The cross-examination of witnesses offered by defendant Panhandle Eastern Pipe Line Company on their direct testimony to date has now been practically completed. However, cross-examination of the witnesses offered by defendant Michigan Gas Transmission Corporation has not been commenced. Counsel for all parties to these proceedings have fully cooperated with the Trial Examiner in expediting the hearing.

The defendants Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation, while joint defendants, have to date operated under entirely separate managements, and have therefore presented their evidence separately. They have offered different witnesses, and [fol. 16801] have been represented by separate counsel. Defendant Panhandle Eastern Pipe Line Company has not participated in any way in the development or presentation of the evidence offered by Michigan Gas Transmission Corporation.

П.

The Changed Status of Defendants'. Corporate Structures and Relations

By an order of the Securities and Exchange Commission, dated January 21, 1942 (Exhibit No. 147 in these proceedings), defendant Panhandle Eastern Pipe Line Company was authorized.

- (a) To acquire from Columbia Oil & Gasoline Corporation all the Class A preferred stock of Panhandle Eastern Pipe Line Company of the par value of \$10,000,000;
- (b) To acquire from Columbia Gas & Electric Corporation all of the stock and debt of Michigan Gas Transmission Corporation and of Indiana Gas Distribution Corporation at the cost of \$10,780,840.59 for the Michigan Corporation and \$153,698.20 for the Indiana Corporation;
- (c) To acquire from The Ohio Fuel Gas Company certain pipe lines and other property in the States of Indiana and Ohio at a price of \$439,326.08;
- (d) To issue and sell a new class of preferred stock to the amount of 150,000 shares of the par-value of \$160 per share;

[fol. 16802] (e). To issue and sell first mortgage and first lien bonds to the amount of \$10,000,000.

Pursuant to proper notice, a contract for the sale of these bonds and the issue of preferred stock was entered into on February 2, 1942, and the sale thereof to be consummated on February 6, 1942, has been approved by the Securities and Exchange Commission. A copy of said contract has been filed as an exhibit in these proceedings. The proceeds from the sale of said bonds and stock are to be used in liquidating the outstanding Class A preferred stock of defendant Panhandle Eastern Pipe Line Company, to the extent of \$10,000,000; to the payment of the purchase price for the stock and debt of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation, and as payment for the properties to be acquired from The Ohio Fuel Gas Company. Any balance remaining is to be expended in connection with capital expenditures how being made by Panhandle Eastern Pipe Line Company for expansion of its facilities.

All parties to the transactions above outlined haveagreed that the transactions will be closed on February 6, 1942, at which time Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation will become wholly owned subsidiaries of defendant Panhandle Eastern Pipe Line Company, and on the same date the properties of Ohio Fuel Gas Company will become a part of the Panhandle Eastern Pipe Line Company system.

[fol. 16803] Obviously, upon the consummation of these transactions, the corporate structures and relations of the defendants in these proceedings will be changed. Defendant Panhandle Eastern Pipe Line Company will then have securities outstanding different in certain respects from those heretofore outstanding, and the operating problems of defendants Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation must be considered from a consolidated standpoint rather than from the standpoint of a separate entities.

III.

Defendant Panhandle Eastern Pipe Line Company Requires Time to Consider and to Prepare Evidence Concerning the Effect of the Change in Status Upon its Present and Future Operations

Upon the consummation of these transactions on February 6, 1942, it will become necessary for the executives and employees of Panhandle Eastern Pipe Line Company, in connection with present war emergency requirements, and these corporate changes, to study the operating practices of Michigan Gas Transmission Corporation, with a view to determining whether any changed methods of operation would enable the two companies more adequately to serve the public interest. This will include, among other things, a consideration of whether additional pipe line capacity or power should be installed by Michigan Gas Transmission Corporation so that its facilities could be used to the best advantage in connection with the necessary expansion of Panhandle Eastern Pipe Line Company's system to serve its customers.

[fol. 16804] It will also be necessary for the executives of Panhandle Eastern Pipe Line Company to prepare and to supervise the preparation of such exhibits, for introduction in these proceedings, as will be necessary to reflect the consolidated operations of these properties. The present record does not comprehend such a situation. It is expected that such exhibits will not be numerous, and they will be supplemental to those now in evidence. They are,

however, necessary, in order that the record may reflect the correct situation as it has now developed.

· IV.

General World Situation

In further support of the prayer of this motion, defendant Panhandle Eastern Pipe Line Company represents that since the hearings in these proceedings commenced, and in fact since the conclusion of its direct testimony; the United States has been precipitated into a state of war. During this period, and largely as a result of world conditions, there has been a more rapid rise in price levels than was originally anticipated. Data respecting these matters should also be prepared and presented in these proceedings.

Wherefore, defendant Panhandle Eastern Pipe Line Company respectfully prays that the Commission grant a continuance of the hearing in these proceedings for a period of at least sixty (60) days.

Respectfully submitted,
PANHANDLE EASTERN PIPE
LINE COMPANY.
By J. D. Creveling,

President.

tfol. 16805] District of Columbia, ... United States of America,—ss.:

J. D. Creveling, being duly sworn, deposes and says; that he is President of Panhandle Hastern Pipe Line Company, a party to the above-entitled proceedings; that he has read the foregoing petition, and knows the contents thereof; that the same are true as stated, except as to matters and things if any, stated on information and belief, and that as to those matters and things, he believes them to be true.

J. D. CREVELING.

Subscribed in my presence, and sworn to before me, by the affiant above named, this 4th day of February, 1942.

(Seal)

Notary Public.

[fol. 16806] I hereby certify that I have this day served the foregoing document upon all parties of record in these proceedings by delivery in person to the following.

> Harry Littman, Esq., Federal Power Commission, Washington, D. C.

James H. Lee, Esq., City of Detroit, Washington, D. C.

Harry Goodman, Esq., County of Wayne, Washington, D. C.

Park Chamberlain, Esq., Michigan Consolidated Gas Company, Washington, D. C.

Milton C. Baldridge, Esq., Michigan Gas Transmission Corporation, Washington, D. C.

Dated at Washington, D. C., this 4th day of February. 1942.

Of Counsal for

D. H. CULTON,

PANHANDLE EASTERN PIPE &

Objections of Complainants to Defendants'
Motion for Continuance.

[fol. 16809] (Received February 11, 1942, Federal Power Commission.)

Now come the City of Detroit, and the County of Wayne, the Complainants, by their respective attorneys, and object to the granting of a continuance to the defendants for a sixty day period, as requested, for the following reasons:

This case, though prosecuted with diligence, has, neverthe-less, required a protracted time. It is the plaintiffs' contention that, upon the evidence admitted, a very substantial rate reduction will be in order, and that, prior to the inception of this case, the defendants were maintaining unjust and unreasonable rates as against the consumers represented by the complainants; and that, if reasonable rates had been in effect from the beginning of this case, the saving to all of the defendants' customers would have [fol. 16810] amounted to a figure in excess of Ten Thousand (\$10,000.00) Dollars per day. If complainants' contentions are well founded, the defendants' customers are losing in excess of Ten Thousand (\$10,000.00) Dollars per day for each day the hearing is protracted.

There has been allowed to the defendants an adjournment from February 4, 1942 to February 23, 1942, and, in this interim, the defendants ought to be able to make adequate preparations for such further presentation of evidence as may be proper.

The conditions of the war actually require that the price of great natural resources be fixed at the lowest possible level, and that controversies in respect to rates be determined with the utmost diligence.

It is recognized that persons who might be engaged with matters in connection with this case may have, at various times, paramount duties to attend to, but such circumstances, as they arise, should be determined simply as a matter of orderly trial procedure under the directions of the examiner, and are wholly apart from protracted delays amounting to two months.

Wherefore, complainants respectfully submit that the motion for continuance be denied.

WILLIAM E. DOWLING, Prosecuting Attorney for Wayne County.

HAROLD GOODMAN, Special Assistant Prosecuting Attorney.

PAUL E. KRAUSE,
Corporation Counsel for the City of
Detroit.

JAMES H. LEE, Assistant Corporation Counsel. [fol. 16811] Order Denying Petition for Continuance and Changing Place of Hearing.

United States of America Federal Power Commission.

© Commissioners Leland Olds, Chairman, Claude L. Drager, Basil Manly, John W. Scott and Clyde L. Seavey.

February 17, 1942.

City of Detroit, Michigan, and County of Wayne, Michigan, Docket No. G-200. vs.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

In the Matter of

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

Docket No. G-207.

Upon application, filed February 4, 1942, by Panhandle Eastern Pipe Line Company, Defendant, for a continuance of the hearing in this proceeding for a period of at least 60 days; and

It appearing that:

- (a) The City of Detroit, Michigan, and County of Wayne, Michigan, Complainants, on February 11, 1942, filed objections to the said petition for continuance;
- (b) Subsequent to the filing of said petition for continuance, the hearing was recessed by the Commission's Examiner to reconvene on February 23, 1942;
- (c) No good cause exists for a 60-day postponement of the hearing;

The Commission orders that:

[fol. 16812] (A) The said petition for a continuance of 60 days be and is hereby denied;

(B) The hearing in this proceeding be resumed on February 24, 1942, at 9:45 a.m., C. W. T., in Room 406, County Building, at Detroit, Michigan.

By the Commission.

LEON M. FUQUAY.
Secretary.

[fol. 16814] (Petition of Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation for Continuance of Hearing.)

Received February 28, 1942, Federal Power Commission.)

Before the Federal Power Commission of the United States.

In the matter of

City of Detroit, Michigan, and County of Wayne, Michigan Complainants,

Docket No. G-200.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation, Defendants:

In the matter of

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

Docket No. G-207.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation, defendants in the above numbered and entitled proceedings, hereby petition and move the Commission for a continuance of the hearing now in progress therein, and as grounds therefor state:

Since the dates upon which these defendants presented their direct evidence in these proceedings the surrounding conditions have so changed as a result of matters and happenings not caused by them and not predictable when such evidence was prepared and presented, that many of the estimates and much of the factual data on which estimates and other testimony were based, do not now apply. Therefor, the Commission cannot, without consideration of such changed conditions and the manifold present and potential results thereof, determine or be in a position properly or reasonably to determine the issues involved in these proceedings in a manner calculated to give effect to the actual-[fol. 16815] ities which now confront these defendant corporations.

In this connection defendants point out:

These proceedings were instituted in the Spring of 1941, and in July 1941 defendants were required to be prepared

to present their evidence at hearings commencing on September 2, 1941. Defendants promptly commenced and carried forward the preparation of their direct testimony, based on June 30, 1941 conditions, and as expeditiously as possible actually completed such preparations and the presentation of such evidence to this Commission. As a matter of fact, subject to certain reservations, Panhandle Eastern Pipe Line Company completed the presentation of its direct evidence on October 29, 1941 and Michigan Gas Transmission Corporation completed the presentation of its direct evidence on November 19, 1941.

In order properly to present their evidence, however, defendants at that time could only anticipate and estimate sales and market conditions for the immediate future in the light of conditions theretofore existing. Thus, market conditions at the various points of delivery were perforce treated as normal. Prices reasonably expected to be received for gas sold were based on those then existing With respect to defendants' largest single customer, Michigan Consolidated Gas Company, the estimates were prepared and presented on the basis of reasonable expectancy in the light of the 1940-1941 maximum demand and on information received from its customer as to its then expected 1941-1942 maximum demand. However, as a result of information now available, and as a result of matters and events which have transpired since defendants' closed the presentation of their direct evidence, it is now apparent .. [fol. 16816] that the estimates then made do not properly, reasonably or adequately reflect the conditions which now obtain.

With respect to the Detroit market, the estimates offered by defendants were based on the assumption that the maximum day's purchases for that market during the winter season 1941-1942 would at least equal the maximum provided under the contract, to wit: 125,000,000 cu. ft. As of today, although defendants are reliably informed that the maximum Detroit market requirements for gas have already exceeded 140,000,000 cu. ft. per day in 1942, the maximum volume actually taken from defendants under said contract has at no time exceeded 110,000,000 cu. ft., thus resulting in the establishment of a maximum day at least 15,000,000 cu. ft. less than that heretofore estimated,

and thereby greatly reducing the demand charge collectible. by defendants with a resultant substantial decrease in their revenues. This result was made possible by the exercise by the customer of its contractual right to "shave its peaks" through the operation of its manufactured gas facilities.

Defendants further show that since their evidence was prepared and introduced in these proceedings, the United States has been forced into an all-out war and is now faced with a national emergency which unquestionably will exist for some time. These defendants have not escaped and cannot escape the results of such national emergency. Defendants directly or indirectly furnish gas to more than two hundred defense industries and have been and are now continuously being requested to furnish service to many others, with which requests defendants, to the extent of their capacity, desire to comply. Because of the importance [fol. 16817] of defendants' lines and properties from the standpoint of the national defense effort, defendants have been warned by the War Department and by the Federal Bureau of Investigation of the possibility of attempts at Following defendants best judgment of the proper protection which should be afforded to these properties against such potential acts of sabotage and in line with views expressed by said Federal Agencies, defendants have organized a property protection/department. To date defendants have employed in this department more than one hundred carefully selected men at substantial additional annual expense. This expense will be increased from time to time because of the necessary addition of other employees for these purposes.

Defendants further represent that on February 16, 1942, the Federal War Production Board issued its official "Limitation Order L 31", applicable to the States of Michigan, Ohio, Indiana, Illinois and Missouri, in which defendants operate, as well as to numerous other States. This order, a copy of which (together with the release of the War Production Board which accompanied it) is attached hereto as "Exhibit A". The order has been incorporated in the record in these proceedings. It was promulgated in the interest of national defense and, although styled "to curtail consumption of natural gas" is rather an order issued for

the purpose of controlling and determining the use to which natural gas may be put under certain defined circumstances, as well as for the purpose of determining priorities of use for such gas. The provisions of said order impose upon these defendants certain definite and significant obligations not theretofore existing; similarly it imposes new obligations on defendants' customers, and finally it imposes new obligations on the customers of defendants' customers.

[fol. 16818] The full extent of the effects of such order upon defendants and their customers has not yet been determined and cannot reasonably be determined for some time; yet it is already apparent that as a result of such order. defendants' previous estimates with respect to the volumes of gas which they may sell to their various classes of customers will necessarily be materially altered and that all former estimates of gross revenues will be substantially decreased, This result necessarily flows from the circumstances that priority in use is provided for gas sold to manufacturing industries engaged in war activities. More, over the full extent of the effects of said order cannot be o determined without considering the purpose for which each ultimate user of gas is purchasing such gas, and also the standby facilities available to such user or to the distributor furnishing such gas. These defendants now serve directly or indirectly more than two hundred industries directly engaged in defense activities, as well as approximately. seven hundred thousand domestic, commercial and other industrial users of gas. A determination of the effect of this important federal order on defendants' operations and on the revenues to be received therefrom is essential, and obviously can be determined only as a result of careful and detailed analysis. Such analysis will, of necessity, require considerable time. This is obviously a situation not at all of defendants making, but results wholly from the war in which the nation is now engaged.

Furthermore, it appears upon the record herein that large capital expenditures will be required in the immediate future for additions and improvements in defendants' transifol. 16819] mission and production facilities, in order to enable them more adequately to serve their existing market areas, and in order to provide for such increases in sales of gas as would normally have been expected therein. Such

. capital expenditures are still required, probably at an accelerated rate in [in] order to meet war conditions and demands. In developing their direct evidence in these proceedings, defendants estimated and then believed that the revenues resulting from such increased sales would produce returns comparable to those received from existing sales. Under-normal conditions defendants believe that such assumptions would have been justified, but the regulations and limitations contained in said War Production Board Order L-31 have so materially altered the surrounding circumstances and conditions as to render such assumptions wholly unwarranted and presently untenable. Said order would, in effect, confine additional sales of gas to uses less remunerative per unit than would otherwise be the case in the absence of such limitation. Obviously, a careful analysis of such changed situation must be reflected in the record herein before any fair or reasonable evaluation of defendants' rates can be arrived at.

This is a matter of paramount import. In the light of the considerations above outlined; in view of the complex and wholly unprecedented situation which now confronts these defendants; in view of the serious nature of the factors which have intervened since the presentation of defendants' direct testimony in these proceedings, and by reason of the state of war which has come into being since such presentation, and the order of the War Production Board berein mentioned, defendants now ask this Commission todirect a continuance of the hearings in said proceedings' [fol. 16820] for a period of not less than one hundred and twenty days, in order to afford to these defendants a minimum opportunity to attempt to ascertain the effect of and to develop and present evidence in respect to the probable effect upon them of such changed conditions, and inorder to afford to these defendants that measure of due process of law to which they are entitled under the Constitution of the United States.

Respectfully submitted,
PANHANDLE EASTERN PIPE
LINE COMPANY,
By J. D. Creveling, Its President.
MICHIGAN GAS TRANSMISSION
CORPORATION,
By J. D. Creveling, Its President.

[fol. 16821] State of Michigan, County of Wayne—ss.

J. D. Creveling, being duly sworn, devoses and says: that he is President of Panhandle Eastern Pipe Line Company, and President of Michigan Gas Transmission Corporation, parties to the above-entitled proceedings; that he has read the foregoing petition, and knows the contents thereos; that the same are true as stated, except as to matters and things if any, stated on information and belief, and that as to those matters and things, he believes them to be true.

J. D. CREVELING.

Subscribed in my presence, and sworn to before up by the affiant above named, this 27th day of February, 1942.

(Seal)

KATHERYN STIMMELL

Notary Public.

My Commission expires April 3, 1943.

[fol. 16822] I hereby certify that I have this day served the foregoing document upon all parties of record in these proceedings by delivery in person to the following:

Harry Littman, Esq., Federal Power Commission, Wash ington, D. C.

James H. Lee, Esq., City of Detroit, Detroit, Michigan.

Harry Goodman, Esq., County of Wayne, Defroit, Michigan.

Park Chamberlain, Esq., Michigan Consolidated Gas Company, Detroit, Michigan.

Dated at Detroit, Michigan, this 28th day of February 1942.

D. H. CULTON.

Of counsel for Panhandle Eastern Pipe Line Company fol. 168231

Exhibit A.

Title 32-National Defense

Chapter IX-War Production Board

Subchapter B-Division of Industry Operations

Part 1056-Natural Gas

Limitation Order L-31

To Curtail Consumption of Natural Gas-

Whereas, because of increased gas requirements for war production and civilian uses, and because of scarcity of materials for the construction of pipe lines and other facilities, shortages of natural gas have occurred in certain areas of the United States and are threatened in others; and

Whereas, during periods of adverse weather conditions, the demand for natural gas in many areas will increase beyond the capacity of existing facilities to meet such demand; and

Whereas, the limitations upon deliveries of natural gas and the integration of gas system operations hereinafter ordered are necessary in order to maintain gas deliveries to war industries and essential civilian services;

Now, Therefore, It Is Ordered That:

Part 1056.1-General Limitation Order

- (a) Definitions. For the purpo es of this Order:
- (1) "Person" means any individual, partnership, association, business trust, corporation, governmental corporation or agency, or any organized group of persons whether incorporated or not.
- (2) "Utility" means any person in the United States supplying natural gas or mixed natural and manufactured gas, directly or indirectly, for general use by the public.
- (3) "Consumer" means an ultimate user of gas purchased or otherwise received from any Utility.
- (4) "Standby Facilities" means equipment in serviceable operating condition designed to use oil, electricity, coal

or other fuel to replace natural gas, and for the operation of which a supply of such fuel is available.

(b) Integration of Gas System Operation. Each Utility shall so operate its gas manufacturing, transmission, storage, distribution, and other facilities, and shall so interchange gas with other Utilities as to achieve as far as practicable maximum output in the area or areas in which a shortage exists or is imminent, and each Utility shall make such pooling arrangements as may be necessary to effectuate such purpose. Where necessary for such purpose, the Director of Industry Operations will, from time to time, issue specific directions as to the operation of gas manufacturing, transmission, storage, distribution, and other facilities, and as to deliveries of gas.

[fol. 16824] (c) Limitation on Deliveries of Natural or Mixed Natural and Manufactured Gas.

- (1) In the event that the supply of natural or mixed natural and manufactured gas available in an area served by any Utility is insufficient to meet the demand therefore, and reduction in deliveries to Consumers becomes necessary, the Utility supplying such area shall reduce deliveries to its Consumers in the following manuer and in accordance with such other specific directions as the Director of Industry Operations may from time to time issue:
- (i). First, the Utility shall, within the liquits of its contractual rights, reduce deliveries to all dump or surplus Consumers not engaged in war production, and deliveries to Consumers who have Standby Facilities, the operation of which can directly or indirectly reduce the total demand for natural or mixed natural and manufactured gas in the area.
 - (ii) Second, the Utility shall, to the extent necessary, operate all of its available gas manufacturing equipment so as to effect-directly or indirectly the maximum increase in the supply of gas in the area.
- . (iii) Third, the Utility shall, without regard to its contractual rights or those of any Consumer, reduce deliveries to all other Consumers who have Standby Facilities to the extent that the operation of such facilities can directly or

indirectly alleviate the shortage of natural or mixed natural and manufactured gas in the area, and no such Consumer, after notification of the reduction in deliveries required shall accept deliveries of gas unless his Standby Facilities are being operated so as to effect the required reduction in his purchases of gas.

- (iv) Fourth, the Utility shall, without regard to its contractual rights or those of any Consumer, reduce as far as practicable deliveries to Consumers in such manner as will cause the least interference with war production, and each Consumer who receives notification of the reduction in deliveries required shall reduce his acceptance of deliveries accordingly.
- (2) Whenever any Utility finds it necessary to make any reduction in deliveries of gas to any Consumer in accordance with paragraphs (c) (1) (iii) and (c) (1) (iv) of this Order, it shall promptly notify the Consumer and at the same time give telegraphic notice thereof, to the Power Branch, War Production Board.
- (3) Following each such shortage period, each affected Utility shall submit a detailed report of the quantities of gas conserved by the operation of Standby Facilities and the duration of curtailment and the extent to which each industrial Consumer was curtailed. Such report shall be filed on Form PD-283.
- [fol. 16825] (4). Any Consumer who considers that any reduction in deliveries to him interferes materially with war production shall have the right to apply by telegram for relief to the Director of Industry Operations, who may grant such specific exemptions or take such other action as may be consistent with the purposes of this Order. Such application shall state the nature of the war materials being manufactured, the extent to which production has been curtailed because of reduced delivery of gas, and the increase in delivery of gas required for restoration of full production.
- (5) No consumer shall be relieved of the requirements of section 944.2 or any other section of Priorities Regulation No. 1 Amended, by reason of the provisions of this paragraph (c).

- (d) Restrictions upon Increased Deliveries to Non-residential Consumers. No Utility shall, after ten days following the effective date of this Order, deliver natural or mixed natural and manufactured gas to any new non-residential Consumer in the areas specified in Exhibit "A" annexed hereto, as the same may be amended from time to time, or increase deliveries of such gas to any existing non-residential Consumer in such areas for the operation of any new gas equipment, unless:
- (1) Such new or existing non-residential Consumer shall have installed, prior to the date of the increase in deliveries, Standby Facilities of sufficient capacity to replace the new or increased deliveries of such gas during periods of shut-off, or
- (2) Such new or existing non-residential Consumer cannot reasonably use any fuel other than gas, natural, or mixed natural and manufactured, because of technical utilization factors or process requirements.
- (3) Such new delivery or increase in deliveries shall have been specifically approved in advance by the Director of Industry Operations. Any Consumer or Utility who considers that such deliveries are necessary for war production may apply for such approval to the Director of Industry Operations, who may grant such specific exemptions or take such other action as may be consistent with the purposes of this Order.
 - (e) Prohibition against Delivery to New Space Heating Installations.
- (1) No Utility shall deliver and no Consumer shall accept delivery of actural gas or mixed natural and manufactured gas in the areas specified in Exhibit "A" annexed hereto, as the same may be amended or modified from time to time by the Director of Industry Operations, for either of the following purposes:
- (i) For the operation of central space heating equipment (or heating equipment supplying the major portion of the heating requirements of the premises), unless such equipment was installed prior to March 1, 1942, or unless, in the case of new-construction, the equipment was speci-

fied in the construction contract, and the foundation under [fol. 16826] the main part of the structure in which the equipment is to be installed was completed prior to March 1, 1942; or

- (ii) For the operation of central space heating equipment (or heating equipment supplying the major portion of the heat requirements of the premises), which has been converted from other fuel to natural or mixed natural and manufactured gas unless such conversion has been completed prior to ten days after the effective date of this Order.
- (2) Any Utility affected by the provisions of this paragraph (e) or any governmental agency which considers that supply of gas available on any particular system or portion thereof is adequate to take care of all existing and estimated future requirements of war industry, and unrestricted civilian use for the period ending April 1, 1944, may apply for exemption of the system or any portion thereof from the provisions of this paragraph to the Director of Industry Operations, who may grant such specific exemptions or take such other action as may be consistent with the purposes of this Order.
- (f) Appeal. Any person affected by this Order who considers that compliance therewith would work an exceptional and unreasonable hardship on him may appeal for relief to the Director of Industry Operations who may grant such specific exemptions or take such other action as may be consistent with the purposes of this Order.

(g) Reports and Information

(1) Each Utility shall keep and preserve for not less than two years accurate and complete records concerning deliveries of natural gas to Consumers.

Such records shall be subject to inspection by duly authorized representatives of the War Production Board.

(2) All persons affected by this Order shall execute and file with the War Production-Board such reports and questionnaires as said Board shall, from time to time, request.

(h) Communications to War Production Board. All reports required to be filed hereunder, and all communications concerning this Order, shall, unless otherwise directed, be addressed to:

"War Production Board

Washington, D. C. Ref.: L-31."

- (i) Violations. Any person who wilfully violates any provisions of this Order, or any other order, direction or regulation, issued pursuant hereto, or who by any act or omission talsifies records to be kept or information to be furnished pursuant to this Order, may be prohibited from delivering or receiving gas, or any other material subject to allocation, and such further action may be taken as is deemed appropriate, including a recommendation for prosecution under Section 35(A) of the Criminal Code (18 U. S. C. 80).
- [fol. 16827] (j) Effective Date. This Order shall take effect immediately and, unless sooner terminated, shall continue in full force and effect until April 1, 1943.
- (P. D. Reg. 1 Amended, Dec. 23, 1941, 6 F. R. 6680; W. P. B. Reg. 1 Jan. 26, 1942, 7 F. R. 561; E. O. 9024, Jan. 16, 1942, 7 F. R. 329; E. O. 9040, Jan. 24, 1942, 7 F. R. 527; sec. 2(a), Public No. 671, 76th Congress, Third Session, as amended by Public No. 89, 77th Congress, First Session.)

Issued this 16th day of February, 1942.

J. S. KNOWLSON, Director of Industry Operations.

[fol. 16828]

Exhibit A.

Areas subject to prohibitions contained in paragraph (e) of Limitation Order L-31.

Alabama—(except the area served by the United Gas Pipe Line Company)

Arkansas—(only the area served by the Mississippi River Fuel Company)

California

District of Columbia

. Georgia

Illinois

Indiana

Kentucky

Maryland

Michigan

Mississippi—(except the area served by the United Gas Pipe Line Company)

Missouri

New York

Ohio.

Pennsylvania

Tennessee

Virginia

West Virginia

[fol. 16829] Advance Release: for Monday Morning Papers, February 16, 1942.

24033

War Production Board

WPB 230

The War Production Board today ordered a curtailment in the consumption of natural gas and mixed natural and manufactured gas.

The action was taken to assure adequate supplies of gas for war production. It was necessary because of increased gas requirements for both war production and civilian use, coupled with the scarcity of materials that would be required if existing systems were expanded.

Parts of the order (L-31) apply to the entire country. They do not become operative until a gas shortage occurs or becomes imminent in any area.

Other parts of the order apply only to 17 states and the District of Columbia, where the need for curtailment is greatest. They become effective by March 1 but do not

affect present uses of existing customers. That is, a consumer now using gas to cook or heat water is not restricted in such uses but he may not install a gas heating system in his home, store, or factory, or convert heating equipment now using other fuel to gas.

The order affects companies distributing natural gas or natural gas mixed with manufactured or artificial gas. It does not affect companies distributing only artificial or manufactured gas.

Gas companies operating in 17 states and the District of Columbia are ordered as follows:

- 1. They are prohibited from delivering gas for heating new homes, stores, factories or other buildings, unless the heating equipment is installed prior to March 1, 1942, or the equipment was specified in the construction contract and the foundation under the main part of the building is completed prior to March 1. This applies to a heating system intended to furnish all or the major part of the heat for a home or building. It does not apply to individual room heaters.
- 2. They are prohibited from delivering gas for the operation of heating equipment that has been converted from some other fuel to gas, unless such conversion is completed within 10 days after the issuance of the order.

Any utility or any governmental agency (such as a housing company) affected by this prohibition against new and converted installations, which considers that the available gas supply is adequate for all existing and estimated future war requirements as well as unrestricted civilian use until April 1, 1944, may apply to the Director of Industry Operations for exemption from this provision.

[fol. 16830] · 3. They are prohibited from delivering gas to any new non-residential consumer or increasing delivery to any existing non-residential consumer, unless: (a) such new or existing consumer has installed standby facilities sufficient to replace the new or increased delivery during periods of shut-off; or (b) such new or existing consumer cannot reasonably use any fuel other than gas; or (c) approval shall have been granted in advance by the Director of Industry Operations for delivery to such new or existing

consumer. This provision becomes effective 10 days after the issuance of the order.

The areas subject to the prohibitions just listed are:

Alabama—(except the area served by the United Gas Pipe Line Co.)

Arkansas—(only the area served by the Mississippi River Fuel Co.)

California.

District of Columbia

Georgia

Illinois

Indiana

Kentucky

Maryland

Michigan

Mississippi—(except the area served by the United Gas Pipe Line Co.)

Missouri

New York

Ohio

Pennsylvania

Tennessee

Virginia

West Virginia

Other provisions of the order apply to gas companies throughout the country. They become operative only if and when a shortage exists or becomes imminent.

These sections provide:

1. Each utility operating in an area where a shortage exists or is imminent is required, insofar as practical, to integrate its system with other systems, so as to obtain maximum supply of gas.

- Contract of the second 2. Alf and when the supply of gas becomes insufficient and reduction to consumers becomes necessary, and in the absence of specific directions by the Director of Industry. Operations, the utility supplying such area is required to take the following steps: in the order given:
- Reduce deliveries to all dump or surplus consumers not engaged in war production. Dump or surplus consumers are consumers whose gas service is subject to interruption during shortage périods.
- (b) Operate as much of its available gas manufacturing equipment as is necessary to relieve the shortage.
- [fol. 16831] (c) Reduce deliveries to all firm gas con sumers who have standby facilities.
- Reduce deliveries to other consumers in such manner as to cause the least interférence with war production. All possible measures will be taken before interference with war production is permitted.

[fol. 16834] (Order Enlarging Investigation and Making Illinois Natural Gas Company a Party Respondent.)

United States of America,

Federal Power Commission.

) Leland Olds, Chairman, Claude L. Commissioners) Draper, Basil Manly, John W. Scott) and Clyde L. Seavey.

March 26, 1942.

In the Matter of

City of Detroit, Michigan,

and

County of Wayne, Michigan, Docket No. G-200. VS. Panhandle Eastern Pipe Line Company

Michigan Gas Transmission Corporation.

In the Matter, of

Parhandle Eastern Pipe Line Company and

Michigan Gas Transmission Corporation.

Docket No. G-207.

It appearing to the Commission that:

- (a) By order of May 22, 1941, the Commission instituted an investigation in Docket No. G-207, of Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation for the purpose of enabling the Commission to determine with respect to each of said companies (1) whether it is a natural-gas company within the meaning of the Natural Gas Act, and (2) whether in connection with any transportation or sale of natural gas subject to the jurisdiction of this Commission, any rates, charges, or classifications demanded, observed, charged, or collected, or any rules, regulations, practices, or contracts affecting such rates, charges, or classifications, are unjust, unreasonable, unduly discriminatory, or preferential;
- (b) By order of September 2, 1941, the Commission directed that said proceeding in Docket No. G-207 be consolidated with the complaint proceeding in Docket No. G-200 for the purposes of hearing thereon;
- (c) Hearings in the proceeding designated Docket No. G-200 were commenced on July 15, 1941, and hearings in the said consolidated proceedings are now in progress;

[fol. 16835] (d) During said hearings, Panhandle Eastern Pipe Line Company presented evidence showing that its wholly owned subsidiary, Illinois Natural Gas Company, an Illinois corporation, purchases natural gas from Panhandle Eastern Pipe Line Company at several points of delivery in the State of Illinois, and transports said gas in interstate commerce and resells such gas to certain distributing companies located in the State of Illinois which, in turn, resell said gas for ultimate public consumption for omestic, commercial, and industrial use;

- (e) The evidence adduced in the hearings respecting the revenues, expenses, costs, return and other data relating to Panhandle Eastern Pipe Line Company has been presented on a consolidated basis for both Panhandle Eastern Pipe Line Company and Illinois Natural Gas Company;
- (f) Counsel for Panhandle Eastern Pipe Line Company have stated on the record that Illinois Natural Gas. Company is "an operating department or arm of the Panhandle Eastern Pipe Line Company" and that they "are disregarding the separate corporate entity of these two companies in this investigation";
- (g) The Supreme Court of the United States? In the October Term, 1941, has held (Illinois Natural Gas Company vs. Central Illinois Public Service Company and Illinois Commerce Commission, opinion dated January 5, 1942) that said Illinois Natural Gas Company engages in interstate commerce in the purchase and sale of natural gas and is a natural-gas company within the meaning of the Natural Gas Act;
- (h) The rates, charges, classifications, rules, regularitions, practices, or contracts, of Illinois Natural Gas Confpany, subject to the jurisdiction of this Commission, may be unjust, unreasonable, unduly discriminatory, or preferential:

The Commission orders that:

- (A) The investigation instituted by the Commission's order of May 22, 1941, is hereby enlarged to include an investigation of the Illinois Natural Gas Company for the purpose of enabling the Commission:
- whether in connection with any transportation or sale of natural gas subject to the jurisdiction of this Commission, any rates; charges, or classifications demanded, observed, charged, or collected, or any rules, regulations, practices, or contracts affecting such rates, charges, or classifications, are unjust, unreasonable, unduly discriminatory, or preferential; and
- [fol. 16836] (2) If the Commission, after hearing has been had, shall find that any of said Company's rates,

charges, classifications, rules, regulations, practices, or contracts, subject to the jurisdiction of this Commission, are unjust, unreasonable, unduly discriminatory, or preferential, to determine and fix by appropriate order or orders, just and reasonable rates, charges, classifications, rules, regulations, practices, or contracts to be thereafter observed and in force;

(B) Illinois Natural Gas Company be and it is hereby made a party respondent to the proceeding designated. Docket No. G-207.

· By the Commission.

LEON M. FUQUAY, Secretary.

[fol. 16859] (Motion of Counsel for Federal Power Commission for Immediate Order Fixing Just and Reason, able Rates.)

(Docketed April 27, 1942, Federal Power Commission.)

City of Detroit, Michigan and County of Wayne, Michigan, Docket No. G-290 100-2. vs.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

In the Matter of

Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Gompany:

Docket No. G-207.

Comes now Harry S. Littman, Counsel, for the Federal Fower Commission, in the above-entitled cause, who respectfully represents that:

1. On February 28, 1941, a petition was filed by the City of Detroit and the County of Wayne, Michigan, in Docket No. G-200, alleging, among other matters, that Panhandle Eastern Pipe Line Company' sells natural gas to

Hereinafter sometimes referred to as "Panhandle Eastern".

the Michigan Consolidated Gas Company for resale in the City of Detroit and County of Wayne, Michigan; that such gas is produced in the States of Texas and Kansas and is transported to a point of delivery near the Citt of Detroit; that such gas is transported from a point on the Indiana-Illinois boundary line to a point at or near the City of Detroit by Michigan Gas Transmission Corporation² for the account of Panhandle Eastern, for which transportation-Panhandle Eastern pays its affiliate, Michigan Gas, an excessive rate or charge; that the rates and charges demanded and collected by Panhandle Eastern from Michigan Con-[fol. 16840] solidated Gas Company are unjust, unreasonable, and unduly discriminatory; and praying that the Commission, after investigation, fix and determine the just and reasonable rates to be thereafter observed and in force in respect of such transportation and sale of natural gas for resale in said City and County.

- 2. On March 28, 1941, Michigan Gas filed an answer denying that any of its charges in connection with the sale or delivery of gas to Michigan Consolidated Gas Company are excessive, unjust or unreasonable; and on April 3, 1941, Panhandle Eastern filed an answer to the said petition denying that its rates are unjust, unreasonable or discriminatory.
- 3. By order of May 22, 1941, the Commission on its own motion instituted an investigation, in Docket No. G-207, for the purpose of enabling the Commission to determine whether, in connection with any transportation or sale of natural gas subject to the jurisdiction of the Commission, the rates and charges of Panhandle Eastern and Michigan Gas are unjust, unreasonable, unduly discriminatory, or preferential, and, if so, to fix by appropriate order or orders just and reasonable rates or charges.
- 4. By order of June 10, 1941, the Commission permitted the Michigan Public Service Commission to become an intervener in the complaint proceeding designated Docket No. G-200; and by order of July 12, 1941, the Commission permitted Michigan Consolidated Gas Company to become an intervener and a party to said proceeding.

²Hereinafter sometimes referred to as "Michigan Gas".

- 5. On September 2, 1941, the Commission directed that the proceeding in Docket No. G-207 be consolidated with the complaint proceeding in Docket No. G-200 for purposes of hearing.
- 6. On March 26, 1942, the Commission ordered that the investigation, instituted by the Commission's order of May-[fol. 16841] 22, 1941, be enlarged to include an investigation of the rates and charges of Illinois Natural Gas Company¹, a wholly-owned subsidiary of Panhandle Eastern, and making said Illinois Natural Gas Company a party respondent to the proceeding designated Docket No. G-207.
- 7. Hercings were commenced on July 15, 1941, and have continued for approximately 84 days during which a total of approximately 10,700 pages of testimony has been adduced and 27 witnesses have appeared who offered approximately 260 exhibits.
- 8. From a consideration of all the evidence it appears that:

I. Rate Base

(a) The cost of plant, as claimed by the respondents, at December 31, 1941, is \$82,952,156.82, as follows:

Claimed Cost of Plant²

Panhandle Eastern		\$66,541,913
Illinois Natural	1	3,108,120
Michigan Gas	45	12,664,841
Indiana Gas		197,957
Pipe Line Purchased		439,326

Total (Exh. 1949)

\$82,952,157.

(b) Included in the said claimed cost of plant is the amount of \$2,910,734 of construction work in progress, which should properly be deducted from said total claimed cost in arriving at the original cost of plant in service at December 31, 1941.

[fol. 16842] (c) Included in the said claimed cost of plant of Panhandle Eastern is the purported unamortized cost

Sometimes hereinafter referred to as "Illinois Natural"

Giving effect to financing transactions consummated on February 6, 1942 and the acquisition on that date of capital stock and debt of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation (herein sometimes referred to as "Indiana Gas") and purchase of a pipe line of Ohio Fuel Gas Company.

of "Gas Sales and Purchase Contracts" in the amount of \$1,172,115; and the evidence shows that the said sum of \$1,172,115 does not represent actual cost but it is in fact a write-up and should properly be eliminated from the said claimed cost of plant in arriving at original cost of plant in service at December 31, 1941.

- (d) Included in the said claimed cost of plant are "Contributions in Aid of Construction" totaling \$55,016, which should properly be deducted in arriving at the original cost of plant in service as of December 31, 1941.
- (e) The original cost of plant in service at December 31, 1941, reflecting the deductions and eliminations set forth in paragraphs (b), (c) and (d) above, is not more than \$78,814,292, as here shown:

Cost of Plans in Service

Panhandle Eastern		. :	\$62,665,568
Illinois Natural	1 : : : :		2,871,194
Michigan Gas			12,643,847
Indiana Gas			194,357
			78,374,966
Pipe Line Purchased Fuel Gas Co. subse		**	

Total

December 31, 1941

(f) The respondents have accumulated reserves for depreciation, depletion and amortization, as of December 31, 1941 in the amount of \$12,596,987, as follows (Exh. 194);

439,326

\$78,814,292

[fol. 16843] Reserves for Depreciation, Depletion and Amortization.

Panhandle Eastern	2	\$10,405,047
Illinois Natural	43	 502,976
Michigan Gas	-	1,661,966
Indiana Gas	£	26,998

Total \$12,596,987

¹Panlandle Eastern, Michigan Gas and Illinois Natural are hereinafted sometimes referred to collectively as "respondents".

The evidence shows that the said reserves, totaling \$12,-596,987 represent the accrued depreciation, depletion and amortization of the plant in service, as of December 31, 1941; and the said amount is deducted from the aforesaid cost of plant to arrive at the rate base for purposes of this motion.

(g) The evidence shows that the allowable working capital is not in excess of \$920,000, as follows:

Working Capital

Panhandle Eastern	٠	\$726,000
Illinois Natural		17,000
Michigan Gas		173,000
Indiana Gas		4,000
	•	-
Total (Exh. 221)	•	\$920,000

(h) Based upon paragraph (a) to (g) above, the rate base, i. e., original cost, less accrued depreciation, plus working capital, is not in excess of \$67,137,305, as here shown:

Rate Base

Cost of Gas Plant in Service at December 31, 1941	\$78,814,292
Less: Depreciation Reserves	12,596,987
Net Original Cost Working Capital	\$66,217,305 920,000
Rate Base	\$67,137,305

[fol. 16844] II. Gross Operating Revenue

The consolidated gross operating revenue of the respondents for the year 1941 amounted to \$17,789,573 (Exh. 195).

III. Operating Expenses

(a) The consolidated operating expenses, as shown by the respondents' exhibits, for the year 1941, were as follows:

Operation and Maintenance	\$2,648,694
Gas Purchased ¹	• 1,180,918
Depreciation; Depletion and	
Amortization	2,473,383
Amortization—Gas Contracts	332,143
Taxés—Federal Income ²	2,063,175-
Taxes—Federal Excess Profits ²	1,677,054
Taxes—Property and Miscl.	901,387

Total (Exh. 195)

\$11,276,754.

- (b) Included in said operating expenses is the sum of \$293,029 charged annually for the purpose of amortizing "Gas Sales and Purchase Contracts;" the evidence shows that the purported unamortized cost of such contracts in the amount of \$1,172,115, as of December 31, 1941, does not represent actual cost but is in fact a write up; and the said expense of \$293,029 should be eliminated from operating expense.
- (c) Said total operating expenses include the sum of \$6,000 charged for rate case expense, which amount should be eliminated from operating expenses for purposes of this proceeding.

[fol: 16845] (d) The Federal income taxes should be reduced from \$2,063,175 to \$942,951, and the Federal excess profits taxes should be entirely eliminated in order to reflect the tax savings due to the indicated reduction in gross revenue hereinafter shown.

(e) The sum of the deductions set forth in paragraphs (b), (c) and (d) above total \$3,096,307, leaving \$8,180,447 as the maximum allowable operating expenses, as follows:

Operation and Maintenance	\$2,642,694
Gas Purchased	1,180,918
Dépreciation, Depletion and	
Amortization	2,473,383
Amortization-Gas Contracts	39,114
Taxes—Federal Income	942,951
Taxes—Property and Miscl.	901,387
To the second se	

Total (as adjusted)

\$8,180,447

¹Inter-company gas purchases eliminated.

Includes charges in lieu of Federal Income and Excess Profits Taxes in the amount of \$823,881. Does not include pro-forma adjustments.

IV. Return

(a) The amount available for return after operating expenses and taxes, as adjusted in III, above, is \$9,609,126, as follows:

Gross Operating Revenue \$17,789,573
Operating Expenses (as adjusted) 8,180,447
Net Operating Revenue \$9,609,120

- (b) A fair rate of return for respondents is not more than 6 per cent, or \$4,028,238 upon the rate base of \$67,137,-305.
- (c) The gross revenue of respondents, therefore, exceeds a fair return by not less than \$5,580,888 as follows:

 Net Operating Revenue
 \$9,609,126

 Return at 6%
 4,028,238

Excess of Revenue Above 6% Return

\$5,580,888

- [fol. 16846] (d) During the five years 1937 to 1941, inclusive, Panhandle Eastern and subsidiary companies earned an average return of not less than 10.64% on their average net investment in plant of \$53,997,936 (Exh. 222-A).
- During the period March 1, 1936, to December 31, 1941, Michigan Gas earned an average return of not less than 8½% on its average net investment in plant of \$9,134, 568 (Exh. 232).
- 9. The evidence now clearly establishes that the present rates charged and collected by the respondents are unjust; and unreasonable.
- 10. The respondents have had a full and complete hearing; and counsel for the respondents have stated that their case on direct had been completed (T. 10651).
- of Michigan, Ohio, Indiana, Illinois, Missouri and Kansas in fixing fair and reasonable rates for gas sold to ultimate consumers in said States, it is necessary that an immediate order be entered reducing the rates and charges of the respondents.

12. Nothing herein contained is to be taken as an admission of the accuracy or propriety of any of the claims made by the respondents or their witnesses.

Wherefore, Commission Counsel prays that the Commission enter an immediate interim order fixing just and reasonable rates for gas sold and transported by the respondents, Panhandle Eastern Pipe Line Company, Illi-[fol. 16847] nois Natural Gas Company and Michigan Gas Transmission Corporation.

HARRY S. LITTMAN, Counsel for Federal Power Commission.

[fol. 16848] Certificate of Service.

I hereby certify that today I have served copies of the attached motion on all parties to this proceeding by personally serving such copies on their respective counsel of record.

Dated: Washington, D. C. This 23rd day of April, 1942.

HARRY S. LITTMANN.

[fol. 16849] (Motion of Michigan Consolidated Gas Company for immediate Order reducing Rates.)

Before the Federal Power Commission.

Docket No. G-200. Docket No. G-207

City of Detroit and County of Wayne, Municipal Corporations, Complainants,

Panhandle Eastern Pipe Line Company, and Michigan Gas Transmission Corporation, Defendants.

Michigan Consolidated Gas Company, Intervenor.

To the Honorable Members of the Federal Power Commission:

· Comes now Michigan Consolidated Gas Company, intervenor in the above-entitled matter and moves the Commission to enter an interim order at this time finding that the rates and charges now made by Panhandle Eastern

[fol. 16850] Pipe Line Company and Michigan Gas Transmission Corporation are unreasonable and excessive and that as a result thereof these corporations; now in common ownership and management, are receiving and colfecting annually the sum of not less than five million dollars in excess of the amount of a fair return; that said rates and charges as presently filed and maintained are unjustly discriminatory as against the intervenor and its customers in the Detroit area, as well as with respect to the various classes of service, rendered and the localities in which they are rendered; and that by reason thereof the intervenor and the gas consumers to whom it distributes natural gas are suffering undue discrimination, prejudice and disadvantage; and ordering that the said Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation immediately file with the Commission rate schedules under which the gross revenues to be derived by them from the transportation and sale of natural gas for resale for public consumption (other than that sold for industrial use, directly as well as indirectly under special industrial contracts) be reduced by the amount of five million dollars per year, in which said schedules the rates for natural gas delivered to intervenor for resale and distribution be made uniform with all others, or in any event not higher than the average rate charged by respondents for similar service to all others.

As grounds for such finding and the entry of the order as above requested, intervenor states that the uncontradicted evidence introduced and received in these proceedings, up to and including this date, including the evidence introduced by respondents, viewed and construed in its most favorable light to such respondents, establishes the fact that the respondents are each maintaining rates and charges for the sale of natural gas for resale for ultimate public consumption which are excessive, unreasonable, unjust and unduly discriminatory and that intervenor and fol 16851 all of its natural gas consumers are suffering undue prejudice and disadvantage thereby, and that the gross revenues now being collected by these respondents under their rate schedules now in force for such natural gas service are more than five million dollars per annum. in excess of the amount of a just and fair return for such

service. Such undisputed evidence further conclusively establishes that the rate schedules now in force covering natural gas sold and delivered to intervenor for resale in its area of distribution are unduly discriminatory, basedy upon the rates charged others both in respect to the class of services rendered and as to localities.

Intervenor has in course of preparation studies containing statistical data and accounting analyses and will on or before Tuesday, April 28, 1942, file with the Commission by way of a supplement hereto, such studies, data and analyses with necessary descriptive text and personally serve upon counsel on that date (or by mailing not later than Monday, April 27, 1942).

Dated this 23rd day of April, 1942.

Respectfully submitted,
MICHIGAN CONSOLIDATED GAS
COMPANY,

By Park Chamberlain, 815 Fifteenth St. N. W. Washington, D. C. Henry A. Montgomery, 1553 Penobscot Building, Detroit, Michigan

A. V. McRee, 415 Clifford Street, Detroit, Michigan.

Its Attorneys.

[fol. 16853] (Motion of City of Detroit and County of Wayne for immediate order reducing Rates.)

The City of Detroit, and the County of Wayne, complainants jointly, move that this commission make and enter an order forthwith finding and declaring that the existing rates and divisions thereof maintained by the defendant companies affecting the rates applicable to customers in the district or territory of complainants purchasing natural gas for resale for ultimate public consumption, be held and declared to be unjust and unreasonable, and altering and fixing the just and reasonable rates, charges, classifications, rules, regulations or contracts to be observed and in

force to said customers, and determining and fixing such other rates, charges, classifications, rules, regulations or [fol. 16854] contracts to be observed by defendants as are involved in or incidental thereto.

The grounds of this motion are as follows:

- 1. The parties hereto are about to complete and conclude a full hearing upon all the issues in controversy; adequate evidence has been adduced for the determination of all substantial issues, from which it appears that the existing rates affecting the interest of complainants are very greatly in excess of just and reasonable rates, and, as such, are unlawful, and from which just and reasonable rates may be fixed forthwith pending such further investigation as may be made by the commission.
- 2. The average property in service in 1941, allowing \$750,000 for working capital and current assets, was \$78,555,077. It is conceded by the company's president that the gas fields will last for thirty more years at an average annual withdiawal of 80 billions cubic feet. The enterprise last been in operation for over nine years and its principal market, the Detroit district, has been served five and one-half years. The annual requirement to yield 6% upon the unamortized cost as the same declines, and to provide amortization or depreciation upon a thirty-five year life basis is 6.9% of cost. The effect of a somewhat storter or a somewhat longer general service life is insignificant; thus the requirement for return and depreciation to yield 6% on declining value, cost basis, is 7%; on a thirty-three year life basis.

Exhibit A hereto attached indicates a calculated requirement for return and depreciation of \$5,492,548, to afford a return of 6%. This is 7% of plant cost and working capifol, 16855] tal. The manuable requirement for return is a rate of 6%, and held upon present value, cost basis, amounts to \$4,322,825

The requirement for depreciation and replacements does not exceed \$1,169,728.

The requirement for Federal income tax upon an income of \$4,322,825 in consideration of the deductions avail-

able for tax purposes of depreciation and interest paid does not exceed \$765,547.

The operating income before Federal taxes and depreciation is \$13,058,574; and this realization against a requirement for depreciation and Federal income taxes makes available for rate reduction at least \$6,800,479.

The above facts are set forth in further tabulated detail in Exhibit A hereto attached and made a part hereof.

Ample evidence has been presented to establish said facts and to determine all reasonable controverted issues in respect thereto.

The rate reductions in prospect amount to \$18,800 per day. In view of the magnitude thereof and the clarity with which the evidence indicates that such reductions are available they should not be deferred for further investigation and research, the probable effect of which would be to enhance them.

3. A hearing is pending before the Michigan Public Service Commission designed to enforce the maximum rate reduction to consumers in the Detroit district, resale customers of Michigan Consolidated Gas Company, and including the object of requiring any reductions obtained in [fol. 16856] this proceeding to be made immediately available to such customers. Said hearing is continued pending the order of the Federal Power Commission in the premises.

WILLIAM E. DOWLING, Prosecuting Attorney-Wayne County, Michigan.

HAROLD GOODMAN,
Special Assistant Prosecuting
Attorney.

PAUL E. KRAUSE, * Of Corporation Counsel-City of Detroit.

JAMES H. LEE, Assistant Corporation Counsel.

Exhibit A

Available Rate Reduction . Panhandle Eastern Pipe Line Company 1941

. 1.	Cost of gas plant	
2	(excluding construction in progress	
	and unamortized portion of \$2,930,000 gas	
	sales and purchase contracts)	
	Average during year	\$77,805,077
	1	
2	Accrued depreciation	6.567.994
3 .	Value of average plant	71.297,083
4 .	Materials, supplies, and working capital .	750,000
280		
15	Property in service	72.047,083
6 .	6% Return requirement	4,322,825
7	Federal income tax requirement	765,547
8	Partitionment for depositation and extrement	1.169.723
	Requirement for depreciation and retirement -	1,100,720
'9	Total lines 6, 7 and 8	6,258,095
		. 7
10	Available for depreciation, Federal income	1 1
5	"taxes and profit (Ex.196)	13,058,574
11.	Available for rate reduction	6.800.479
1.1	Based upon approximation equivalent to expiration of	O.F. 2 woods
1	of 35 year life and consideration of salvages as follows:	
	of the state consideration of sarvages as follows.	
	(Ex. 66A) Panhandle E. Gas Co. 8,201,258	
- 1	(Ex. 86) Mich. Gas Trans.	1. 1
. 1	adjusted to 15% on mains	

In view of a future life expectancy of 30 years, at an output of 80 billion cu. ft. per year (Creveling Ex. 218) and the fact that some items may be retired in advance of others, both the accrued depreciation and the present re[fol. 16858] quirement are approximated as substantially equivalent to a property having a thirty-five year life of which eight and one-half years have expired. The overall effect of this approximation is to allow rates more liberal to the company than closer calculation will justify. The current annual allowance is increased by \$200,000 as an excessively, liberal allowance for replacement in view of Ex. 193.

1.791.029

and 5% on compressor sta. eq.

[fol. 16859] State of Michigan, County of Wayne,—ss.

Harold Goodman, being duly sworn, deposes and says that he prepared the foregoing motion by him subscribed and knows the contents thereof, and that the same are tree according to his best knowledge and belief.

HAROLD GOODMAN.

Subscribed and sworn to before me this 20th day of April, 1942.

(Seal) BEATRICE BROWN,

Notary Public Wayne County, Michigan

My commission expires May 21, 1944.

[fold 16860] (Amendment to Motion of Michigan Consolidated Gas Company for Order reducing Rates.)

(Received April 28, 1942, Federal Power Commission.)
To the Honorable Members of the Federal Power Commission:

Michigan Consolidated Gas Company, by leave of the trial examiner and consent of counsel for the parties here-to (Transcript, p. 10752), amends and supplements its motion for an interim order tinding the present rates and charges of Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation to be unreason-[fol. 16861] able, excessive and unduly discriminatory as follows:

It attaches hereto a series of studies containing statistical data and accounting analyses based upon evidence and exhibits filed in the hearings in Dockets G-200 and G-207, together with those facts readily and indisputably deducible therefrom, which conclusively show that the rates and charges of the respondents are excessive and unreasonable in that they produce for respondents an aggregate amount of gross revenue not less than \$5,489,874.00 per annum in excess of the amount necessary to provide a fair return.

It states that in the preparation of these studies and analyses it has acted upon and used the evidence offered by the respondents themselves, and such other evidence received as remains uncontradicted. It does not concede

the correctness of the facts, theories, philosophy or conclusions of the witnesses and the exhibits presented by respondents but, for purposes of this motion, attempts to interpret them in the most favorable light to respondents. It has used the evidence and exhibits tendered by respondents and, with such few adjustments as are noted, necessary to square with reality, it has determined the minimum reduction in fates and charges required to reduce the gross revenues of respondents to a point which will eliminate the excess return. These studies and analyses are not offered as reflecting the reduction which would be necessary should it be deemed appropriate to reduce the return to a point [fol. 16862] barely above confiscation, nor has it included in its computation many pertinent factors, other than those noted, which upon a complete accounting study would undoubtedly necessitate further substantial reductions.

As a typical illustration intervenor uses, in the first instance, in its computations the sum of \$681,680.82 which the witness Biddison testified would be a necessary and mual operating expense throughout the life of the enterprise to provide for replacements (Ex. 68-A) to reflect the method proposed by respondents for providing amortization, depreciation and depletion of their plants and properties, in the most favorable light to respondents. Evidence in the record shows it to have been excessive beyond reason with respect to transmission mains and compressor station equipment, and a later adjustment is made in these studies which brings the estimate somewhere within the realm of reals.

The test is made from the standpoint of two separate corporate entities (natural gas utilities) as they existed at the time of the initiation of this inquiry. The fair return to which each is entitled is measured by a fair and reasonable charge against the public for the operation and use of property in public service. Changes in intercorporate relationship or in the ownership of property dedicated to public service add nothing to the value of that service. No recognition is given to the claim that the cost of utility service to the public can be increased because of increased income taxes incurred by a utility in its own interest,

[fol. 16863] wholly unrelated to the cost of performing utility service. On the contrary there has been omitted for lack of proper figures, the economies publicly prophesied and admittedly possible through joint operation of the two utilities.

The sum of the two returns indicated would be a maximum return for the joint properties and it is obvious that if the properties are to be treated separately and the rate schedules to be filed by Panhandle Eastern Pipe Line Company give a fessened cost of operation to Michigan Gas Transmission Corporation, the excess return of that company as herein shown would be increased by the amount of such lessened operating expense.

Since the volume of unregulated business (direct industrial sales) is insignificant, and the evidence conclusively shows that respondent Panhandle Eastern Pipe Line Company has at all times maintained and constructed full capacity for the transportation of such direct industrial sales and contemplates continuance of construction to provide the capacity for future sales (Exhibits 40 and 47), any allocation has been disregarded and could avail respondents nothing. And since a new schedule of rates, inevitable under the record, may eliminate the discrimination in present rates and charges, such studies will be left to the brief.

Dated this 27th day of April, 1942.

[fol. 16864]

Respectfully, submitted,

MICHIGAN CONSOLIDATED GAS COMPANY.

By Park Chamberlain, 815 Fifteenth St. N. W. Washington, D. C.

Henry A. Montgomery, 1553 Penobscot Building Detroit, Michigan.

A. V. McRee, 415 Clifford Street, Detroit, Michigan. Its Attorneys.

Panhandle Eastern Pipe Line Company

. Michigan Gas Transmission Corporation

Excess Return for Year 1941

Reduction in Gross Revenues Required to Eliminate Excess Return

	Panhandle	Mich. Gas Trans. Corp.	Total
1. Average Utility Plant for Year 1941	\$ 65,165,629	\$12,550,119	\$77,715,748
2. Working Capital	713,345	162,647	875,992
3. Rate Base	\$65,878,974	\$12,712,766	\$78,591,740
4. Return Allowable at 6 1/2°	\$ 4,282,133	\$ 826,330	\$ 5,108,463
5. Return Earned for Year 1941	6,363,417	1,120,091	7,483,508
6. Excess Return	\$ 2,081,284	\$ 293,761	\$ 2,375,045
7. Reduction in Gross Revenues Re- quired to Eliminate Excess Re- turn Before Adjustment of Claim for Replacements		\$ 472,796	\$ 4 910 464
8. Additional Reduction in Gross Revenues Required by Adjust- ment Downward of \$400,000 in			
Claim Made for Replacements (Exhibit 8-A)	579,710		579,710
 Reduction in Gross Revenues Required to Eliminate Excess Re- 			- <u>.</u> .
turn	\$ 5,017,078	\$ 472,796	\$ 5,489,874

anhandle Eastern Pipe Line Company And Subsidiary Company

Excess Return For Year 1941 (Before Adjustment of Claim for Replacements)

			Return	
1.	Average Utility Plant for	Year 1941	\$65,165,629	
2.	Working Capital		713,345	
3.	Rate Base		\$65,878,974	

4.	Return Allowable	· 8		4	\$ 4,282,133
5.	Return Earned for	Year 1941	as Adjusted		6,363,417
6.	Excess Return	•			\$ 2,081,284
7.	Reduction in Gross Excess Return	Revenues	Required to	Eliminate	\$4,437,368

[fol. 16867]

Panhandle Eastern Pipe Line Company And Subsidiary Companies

Rate Base For Year 1941

Uti	lity	Pla	n
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December 31, 1940 -

Total Gas Plant Classified	\$64,380,427.86	8,0
(Exhibit 176, page 2, line 38, Column L)	. :	
Other Gas Sales and Purchase Contracts	. 372,006.38	\$64,752,434.24
		**
(Exhibit 176, page 2, line 44, column L)	· la	1.4
December 31, 1941 —	10	
Total Gas Plant Classified	\$65,225,927.15	•
(Exhibit 176, page 2, line 38, column M)	1	
Other Gas Sales and Purchase Contracts	- 352,897.28	65.578.824.43
(Exhibit 176, page 2, line 44, column M)		9
Average for Year 1941		\$65,165,629
Average for Teal 1941		400,100,025
Working Capital		
Working Capital	. 1	
Funds for Operating Expenses	4	
1941 Operation and Maintenance expenses	\$ 3,392,827.05	4 .
(Exhibit 173, page 1, line 9, column M)	and the stand of the sale of the sale of	9-9 may 1 4
Less cost of natural gas purchased	1,180,917.63	•
(Exhibit 190, page 1, line 36, column C)	\$ 2,211,909.42	,
1.5 months/12 months	,,	\$ 276,572
The months of months		2,0,0
Prepayments -		
June 30, 1941 (Exhibit 48, page 1, line 14, column M)	\$ 135,113.86	
Dec. 31, 1941 (Exhibit 172, page 1, line 14, column M)	.94,732.18	y . **
. Average		114,923
Materials and Supplies		
June 30, 1941 (Exhibit 48, page 1, line 13, column M)	\$ 268,861.88	
Dec. 31, 1941 (Exhibit 172, page 1, line 13, column M)	374,839.09	
	· · · · · · · · · · · · · · · · · · ·	
Average	•	321,850
		4
	116	* \$ 713,345
Rate Rase		\$65 878 Q74

Income Statement - Year 1941

		Year 1941		1041 1
		Per Exhibit 173 Column M	Adjustments See attached	1941 Income Statement Adjusted
90				
Line			* *	,
1	Income			
2	Operating Revenues		u -	
3	Gas	\$14,688,263.44	\$ -	\$14,688,263.44
4	Gazoline	735,077.94	-	735,077.94
5	Pipe Line Rentals	******		_
6	Miscellaneous	11,515.35		11,515.35
-	Smile of P			
7	Total Operating Revenues	\$15,434,856 73	\$, -	\$15,434,856.73
8 .	Operating Revenue Deductions		****	
9	Operation and Maintenance Expenses	\$ 3,392,827.05	\$269,600.00,*(1)	\$ 3,662,427.05
10	Depreciation (Including Amortization)	1,937,994.80)		
11	Amortization and Depletion of Producing			
12	Natural Gas Land and Land Rights	90,177.06	4000 000 00 (0)	6
13	Abandoned Leases	74,685.45)	*978 ,302.20 (2)	1,456,697.80
14	Amortization of Other Limited Term	222 142 22	0	
15	Gas Investments	332,142.69		*
17	Charges in Lieu of Federal Income and Excess Profit Taxes (see note)	000 001 40	4 .	
18		823,881.49		823 881 49
19	Taxes	4	*	
20	State, Local and Miscellaneous Federal	799 600 00		700 000 00
21	Federal Income	733,622.93	+22 420 40 (2)	733,622.93
22	Federal Excess Profits	1,690,000.00	+33,430°40 (3)	1,656,569.60
. 44	rederal Excess Fronts	900,000 00	* 161,760.00 (4)	738,240.00
23	Total Revenue Deductions	\$ 9,975,331.47	\$*903,892.60	\$ 9,071,438.87
		2	. ,,	1 2
24	Net Operating Revenue	\$ 5,459,525 26	\$903,892.60	\$ 6,363,417.86
			,	
25	Other Income			
26	Interest Revenues	\$ 18,541.89	\$ -0	\$ 18,541.89
27	Miscellaneous Non-Operating Revenues	_	-	5 -
•	/.			-
28	Total Other Income	\$ 18,541.89	s	\$ 18,541.89
29	Gross Income	\$ 5,478,067.15	9002 000 40	\$. 6,381,959.75
23	Cross Income	\$ 0,415,001.15	\$903,892.60	3 . 6,381,959.75
30	Income Deductions	*		
.31	Interest on Long-Term Debt	\$ 651,903 65 °	• -	\$ 651,903.65
32	Amortization of Debt Discount and	001,000,00		• 001,300.00
33	S Expense	27,486.70	4 -	\$ 27,486.70
34	Other interest charges	5,958.57	-	5,950.57
35 •	Interest Charged to Construction	+11.774.51		*11,774.51
	The state of the state of the state	11,141.01	/5	11,774.01
36	Total Income Deductions	\$ 673,574.41	s – .	\$ 673,574.41
37	Net Income	\$ 4,804,492.74	\$903,892.60	\$ 5,708,385.34

Note: Charges in lieu of Federal income and excess profits taxes represent an amount equivalent to taxes which would have been payable on current earnings if the company had not had the benefit for tax purposes of deductions for discount, premium and expense resulting from the refinancing of long-term debt.

^{*}Indicates re&figures.

*Indicates red figures.

Panhandle Eastern Pipe Line Company

Adjustments to 1941 Income Statement for Changes in Operating Expenses during 1941 not fully effective for entire calendar year 1941

(Exhibit 247, line 4) (b) Change of hours of work week of field employees of Panhandle Eastern Pipe Line Company and Illinois Natural Gas Company Interesse in annual expenses 38,500 (Exhibit 247, line 13) (c) Emergency property protection for Panhandle Eastern Pipe Line Company Annual Expenses Included in 1941 expenses 5,500 (Exhibit 247, line 18) (d) Rate Case Expense. Estimated total cost of rate-case expenses in dockets G200 and G207 for Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation (Exhibit 250) Estimated portion for Michigan Gas Transmission Corporation based on monthly rate of write-off of \$1,000 for 60 months (Exhibit 163, page 21A, line 42) Balance applicable to Panhandle Eastern Pipe Line Company 3,000 Annual rate of amortization on Syear basis 3, 55,000 Included in 1941 expenses of Panhandle Annual requirement for amortization of investment, depletion and replacements—amortization of investment to a Basis for Amortization of Investment, depletion, and Replacement Annual requirement for amortization of investment, depletion and replacements—amortization of investment on a 614% sinking fund basis. (Exhibit 66A recalculated from 254% basis to 634% with provision for amortizing investment added 6,30/41 to 12/31/41. See attached) Annual amount for amortization of investment pepletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68 A Deductions per 1941 books from Exhibit 173 Line 10—Depreciation (Including \$1,937,994.80) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases 74,688.55 Lines 14 & 15—Amortization of Other Limited Term Gas Investments 24,355,000		peration and Maintenance Expenses		X .
Total annual increases Included in 1941 expenses 1, 822, 800 14, 800 1	. (a	Payroll increases to field employees of Panhandle Eastern Pipe Line Company and	0.01	
Included in 1941 expenses 14,000 \$ (Exhibit 247, line 4) (b) Change of hours of work week of field employees of Panhandle Eastern Precline Company and Illinois Natural Gas Company Increase in annual expense Included in 1941 expenses 38,500 (Exhibit 247, line 13) (c) Emergency property protection for Panhandle Eastern Pipe Line Company Annual Expense 16,500 (Exhibit 247, line 18) (d) Rate Case Expense 16,500 16,500 (Exhibit 247, line 18) (d) Rate Case Expense 16,500 16,500 16,500 (Exhibit 247, line 18) (d) Rate Case Expense 16,500 16,500 16,500 (Exhibit 247, line 18) 16,500 16,500 16,500 (Exhibit 163, page 214, line 18) 16,500 16,500 (Exhibit 163, page 214, line 18) 16,500			/.	43
(Exhibit 247, line 4) (b) Change of hours of work week of field employees of Panhandle Eastern Ppe Line Company and Illinois Natural Gas Company Increase in annual expense Included in 1941 expenses 38,500 (Exhibit 247, line 13) (c) Emergency property protection for Panhandle Eastern Pipe Line Company Annual Expense 1. Section 1941 expenses of Panhandle Eastern Pipe Line Company 2. Section 1941 expenses of Panhandle Eastern Pipe Line Company 2. Section 1941 expenses of Panhandle 2. Section	F .		\$ 22,800	4
(b) Change of hours of work week of field employees of Panhandle Eastern Ppe Line Company and Illinois Natural Gas Company Increase in annual expenses Included in 1941 expenses (Exhibit 247, line 13) (c) Emergency property protection for Panhandle Eastern Pipe Line Company Annual Expense Included in 1941 expenses Included in 1941 expenses Included in 1941 expenses (Exhibit 247, line 18) (d) Rate Case Expense, Estimated total cost of rate-case expenses in dockets G200 and G207 for Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation (Exhibit 250) Estimated portion for Michigan Gas Transmission Corporation based on monthly rate of write-off of \$1,000 for 60 months (Exhibit 163, page 21A, line 42) Balance applicable to Panhandle Eastern Pipe Line Company Annual rate of smortization on \$-year basis Included in 1941 expenses of Panhandle (2) Adjustment of Charge for Depreciation, Dept-tion, and Amortization of Gas Contracts as Included in 1941 Income Statement to a Basis for Amortization of Investment, depletion, and Replacement Annual requirement for amortization of investment, depletion and replacements—amortization of investment on a 615% sinking fund basis. (Exhibit 66A recalculated from 205% basis to 652% with provision for amortization of investment on a 615% sinking fund basis. (Exhibit 66A recalculated from 205% basis to 652% with provision for amortization of investment on a 615% sinking fund basis. (Exhibit 66A recalculated from 205% basis to 652% with provision for amortization of investment on a 615% sinking fund basis. (Exhibit 66A recalculated from 205% basis to 652% with provision for amortization of investment on a 615% sinking fund basis. (Exhibit 66A recalculated from 205% basis to 652% with provision for amortization of investment on a 615% sinking fund basis. (Exhibit 66A recalculated from 205% basis to 652% with provision for amortization of investment on a 615% sinking fund basis. (Exhibit 66A recalculated from 205% basis to 652% with provision for amortizati		Included in 1941 expenses	14,600	\$ 8,
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Adjustment of Charge for Depreciation, Depiction, and Amortization of Gas Contracts as Included in 1941 Income Statement to a Basis for Amortization of Investment, depletion, and Replacement Annual requirement for amortization of investment, depletion and replacements—amortization of investment on a 634% sinking fund basis. (Exhibit 66A recalculated from 224% basis to 634% with provision for amortizing investment added 6/30/41 to 12/31/41. See attached) Less—Improper inclusion in 66A for amortization of gas sales and purchase contracts included in above figure on a 10 year straight life basis Annual amount for amortization of investment Depletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68A Deductions per 1941 books from Exhibit 173 Line 10—Depseciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Lines 14 & 15—Amortization of Other Limited Term Gas Investments 32,142 69 435,45 Reduce charges included in 1941 income statement by 437 Federal Income Tax 12.4% of \$269,600 (*(1) nbove) (*(2) above does not affect taxable income)			0	8 58
Adjustment of Charge for Depreciation, Deportion, and Amortization of Gas Contracts as Included in 1941 Income Statement to a Basis for Amortization of Investment, depletion, and Replacement Annual requirement for amortization of investment, depletion and replacements—amortization of investment on a 64% sinking fund basis. (Exhibit 66A recalculated from 21% basis to 61% with provision for amortizing investment added 6,30/41 to 12/31/41. See attached) 10 Less—Improper inclusion in 66A for amortization of gas sales and purchase contracts included in above figure on a 10 year straight life basis 11 Annual amount for amortization of investment seems and purchase contracts included in above figure on a 10 year straight life basis 12 Annual amount for amortization of investment seems and purchase contracts included in above figure on a 10 year straight life basis 13 Annual amount for amortization of investment seems and purchase contracts included in 1941 books from Exhibit 173 Line 10—Depreciation (Including Amortization) 13 Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights 14 Lines 14 & 15—Amortization/of Other Limited Term Gas Investments 15 Apart 19 Apart				-7
Adjustment of Charge for Depreciation, Deportion, and Amortization of Gas Contracts as Included in 1941 Income Statement to a Basis for Amortization of Investment, depletion, and Replacement Annual requirement for amortization of investment, depletion and replacements—amortization of investment on a 64% sinking fund basis. (Exhibit 66A recalculated from 23% basis to 63% with provision for amortizing investment added 6,30/4f to 12/31/4f. See attached) [Ess.—Improper inclusion in 66A for amortization of gas sales and purchase contracts included in above figure on a 10 year straight life basis [Esc. Table 10				\$269,
as Included in 1941 Income Statement to a Basis for Amortization of Investment, depletion, and Replacement Annual requirement for amortization of investment, depletion and replacements—amortization of investment on a 612% sinking fund basis. (Exhibit 66A recalculated from 214% basis to 614% with provision for amortizing investment added 6/30/41 to 12/31/41. See attached) 10] Less—Improper inclusion in 66A for amortization of gas sales and perchase contracts included in above figure on a 10 year straight life basis 10] Less—Improper inclusion in 66A for amortization of gas sales and perchase contracts included in above figure on a 10 year straight life basis 114,753 62 125, 264, 28 126, 264, 28 127, 253 62 128, 267, 264, 28 129, 264, 28 1	(2) 8	djustment of Charge for Depreciation, Deportion, and Amortization of Gas Contracts		
Annual requirement for amortization of investment, depletion and replacements — amortization of investment on a 614% sinking fund basis. (Exhibit 66A recalculated from 21/2% basis to 61/2% with provision for amortizing investment added 6/30/41 to 12/31/41. See attached) 101 102 103 103 104 105 105 105 105 106 107 107 108 108 109 109 109 109 109 109				
Annual requirement for amortization of investment, depletion and replacements — amortization of investment on a 6½% sinking fund basis. (Exhibit 66A recalculated from 2½% basis to 6½% with provision for amortizing investment added 6/30/41 to 12/31/41. See attached) 10 Less—Improper inclusion in 66A for amortization of gas sales and purchase contracts included in above figure on a 10 year straight life basis 1293,028.64 Annual amount for amortization of investment Depletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68A Deductions per 1941 books from Exhibit 173 Line 10—Depseciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases 174,685.45 Lines 14 & 15—Amortization/of Other Limited Term Gas Investments Reduce charges included in 1941 income statement by **978,30* **978,30* **33,43* **33,43*			. 05	1.
ments — amortization of investment on a 6½% sinking fund basis. (Exhibit 66A recalculated from 2½% basis to 6½% with provision for amortizing investment added 6/30/41 to 12/31/41. See attached) Less—Improper inclusion in 66A for amortization of gas sales and pfirchase contracts included in above figure on a 10 year straight life basis Annual amount for amortization of investment Depletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68A Deductions per 1941 books from Exhibit 173 Line 10—Depseciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization/of Other Limited Term Gas Investments Reduce charges included in 1911 income statement by * 978,30 * 978,30 * 13,43 * 12,4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)			. / 6	
ments — amortization of investment on a 6½% sinking fund basis. (Exhibit 66A recalculated from 2½% basis to 6½% with provision for amortizing investment added 6/30/41 to 12/31/41. See attached) Less—Improper inclusion in 66A for amortization of gas sales and pfirchase contracts included in above figure on a 10 year straight life basis Annual amount for amortization of investment Depletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68A Deductions per 1941 books from Exhibit 173 Line 10—Depseciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization/of Other Limited Term Gas Investments Reduce charges included in 1911 income statement by * 978,30 * 978,30 * 433,43 * 430 * 431 * 432 * 433,43	•	Annual requirement for amortization of investment, depletion and replace-	. /	
(Exhibit 66A recalculated from 2½% basis to 6½% with provision for amortizing investment added 6/30/41 to 12/31/41. See attached) [See attached] [See attach		ments — amortization of investment on a 61/2% sinking fund basis .	. /	
amortizing investment added 6/30/41 to 12/31/41. See attached) Less—Improper inclusion in 66A for amortization of gas sales and purchase contracts included in above figure on a 10 year straight life basis Annual amount for amortization of investment Depletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68A Deductions par 1941 books from Exhibit 173 Line 10—Depreciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization/of Other Limited Term Gas Investments Reduce charges included in 1941 income statement by **978,30 **43) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)	0	(Exhibit 66A recalculated from 21/2% basis to 61/2% with provision for	1	-
Annual amount for amortization of investment Depletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68A Deductions per 1941 books from Exhibit 173 Line 10—Depseciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization/of Other Limited Term Gas Investments Reduce charges included in 1911 income statement by *978,30 *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)		amortizing investment added 6/30/41 to 12/31/41. See attached)	\$913,292.92	
Annual amount for amortization of investment Depletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68A Deductions per 1941 books from Exhibit 173 Line 10—Depreciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization of Other Limited Term Gas Investments Reduce charges included in 1911 income statement by * 4978,30 * 433,43 * 433,43	,		/	
Annual amount for amortization of investment Depletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68A Deductions par 1941 books from Exhibit 173 Line 10—Depreciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Lines 13—Abandoned Leases Lines 14 & 15—Amortization/of Other Limited Term Gas Investments Reduce charges included in 1941 income statement by *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)	וע			
Depletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68A Deductions par 1941 books from Exhibit 173 Line 10—Depreciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization/of Other Limited Term Gas Investments Reduce charges included in 1941 income statement by *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)		tracts included in above naure on a 10 year straight life basis	\$293,028.64.	
Depletion for 1941 at rates in exhibit 67 (see attached) Provision for replacements per exhibit 68A Deductions par 1941 books from Exhibit 173 Line 10—Depreciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization/of Other Limited Term Gas Investments Reduce charges included in 1941 income statement by * 978,30 * (3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)			6000 004 00	. 1/3
Provision for replacements per exhibit 68A Deductions par 1941 books from Exhibit 173 Line 10—Depreciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization/of Other Limited Term Gas Investments Reduce charges included in 1941 income statement by *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)				
Deductions par 1941 books from Exhibit 173 Line 10—Depreciation (Including Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization/of Other Limited Term Gas Investments Reduce charges included in 1911 income statement by *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)				
Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization of Other Limited Term Gas Investments Reduce charges included in 1911 income statement by * 978,30 *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)	r . ·	Provision for replacements per exhibit 68A	681,680.00	\$1,456,697
Amortization) Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization of Other Limited Term Gas Investments Reduce charges included in 1911 income statement by * 978,30 *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)		Deductions per 1941 hooks from Evhibit 172 Line 10. Description (Industrial		·
Lines 11 & 12—Amortization and Depletion of Producing Natural Gas Land and Land Rights Line 13—Abandoned Leases 74,685.45 Lines 14 & 15—Amortization/of Other Limited Term Gas Investments 332,142.69 2,435,00 Reduce charges included in 1911 income statement by *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)	•		1 027 004 90	
Land Rights Line 13—Abandoned Leases Lines 14 & 15—Amortization of Other Limited Term Gas Investments Reduce charges included in 1911 income statement by *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)			1,401,441.90	
Line 13—Abandoned Leases Lines 14 & 15—Amortization of Other Limited Term Gas Investments Reduce charges included in 1911 income statement by *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)			00 177 00	
Lines 14 & 15—Amortization of Other Limited Term Gas Investments 332,142.69 2,435,00 Reduce charges included in 1911 income statement by *978,30 *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)	1			C.
Reduce charges included in 1911 income statement by *(3) Federal Income Tax 12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)				'0' ing 000
(3) Federal Income Tax 12.4% of \$269,600 ((1) above) (*(2) above does not affect taxable income)		Lines 14 & 15—Amortization of Other Limited Term Gas Investments	332,142.69	2,435,000
12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)	./	Reduce charges included in 1911 income statement by		\$ +978,302.
12.4% of \$269,600 (*(1) above) (*(2) above does not affect taxable income)	+(3)	Federal Income Tax		
(*(2) above does not affect taxable income)	(3)			\$ +33 430
				¥ 00,100.
+(4) Factoral Evens Profits Tay				
(a) a carrier avector a router adv		71 1 1 72 1 5 C. 72		94101 700
	(4)	60% of \$269,600 ((1) above)		\$ 161,760

[fol. 16871]

Panhandle Eastern Pipe Line Company

Amortization Of Investment

Annual Deduction From Revenues Which Will Return That Portion Of Stated Book Cost Of Property Not Recoverable Upon The Expiration Of The Useful Life Of The Project Through, Salvage, Accruals For Depletion Or Accruals For Replacements

Biddison's requirement for "annual accrual for Property as of June 30, 1941" on 21/2% sinking fund basis as set out in Exhibit 66A

\$1,468,597.76

Biddisca's figures in Exhibit 66A computed on \$61/2% sinking fund basis

\$ 902,413.43(a)

Increase in property, recoverable through amortization, which was added from 6/30/41 to 12/81/41 (see attached)

\$591,340 78(b)

Factor at 6 1/2% interest, compounded annually which will recover investment in 24 years

1.8805

Annual requirement to recover increase in investment added 6/30/41 to 12/31/41

10,879.49

4 913,292.92

Michigan Consolidated Gas Company

Panhandle Eastern Pipe Line Company And Subsidiary Companies Annual Accrual Rate For Amortization Of Property As Of June 30, 1941

Biddison's Exhibit 66A, admitted March 3, 1942, recalculated from a $2.1/2^{c_s}$ to a $6.1/2^{c_s}$ interest basis compounded annually.

Year	Property at End of Year		Annual Accrual	Interest Term to Dec. 31, 194	Cumulative Interest. Factor to Dec 31, 1942	Cumulative Amount at Dec. 31, 1942
(A)	(B)*	(BB)	(C)	(D)	(É)	(F)
1931	\$13,409,544 31	. "			Straight line's	,
Sie						\$2,930,286.40
	41,815,781,37	7 30,116,519,65	277,302 72	.10	13, 4944	3,742,033.83
1932	45,621,674.44		5.808.18	9	11 7319	68,140.99
1933	° 45,488,440.67		1,304.70	8	10 0769	13,147.33
1934	°45,648,083,45	5 105,398 30	1.146 82	. 7	8.5229	9,774.23
1935 .	45,494,592.04		137 91	6	7 0637	925.42
1936	371.076.00		23,910.67		Straight line .	
0 -	**				15 yrs .	119 553 34
5.5	49;317,360.59	9 3,483,193 40	46,327.79	5	. 5 6936	263,771.91
1937	61,360,851.55		162,602.02	4	4 4072	718,619.62.
			+8,265.88	4	4 4072	+38 429 39
1938	401,443 07	7 6,676,79	445.12		Straight line.	1
					15 yrs.	1,335.36
. **	61,681,621.62	2 431,086.57	6,739 29.	. 3	3 1992	21,560.34
1939	62,542,548 57		3,568,69	2	2 0650	7,369.34
1940	67,682,720,64		.74,405.88	. 1	1.0000	74 . 405 . 88
1941	67,917,770.05		13,957.78	0		
	* * * * * * * * * * * * * * * * * * * *	\$55,243,285,04	\$902,413.43			7,932,494 60
1			and the second			

Annual deduction from revenues which will return that portion of stated book cost of property not recoverable upon expiration of the useful life of the project through salvage, accruals for depletion or accruals for replacements:

Set aside for amortization of property on a sinking fund basis earning 6.5' interest compounded annually.

Set aside for amortization of property on a straight line basis.

\$ 902,113 43

585,029 00

317,384,43

^{*}Exclusive of construction work in progress, credits for reserves for gas sales and purchase contracts and consolidation reduction in investment in subsidiary company.

^{*}Indicates red figures.

[fol. 16873]

Panhandle Eastern Pipe Line Company

Year 1941

Annual	Accrual	For A	Amortization	Of Property	At June 30, 1941.

Annual Accrual per Exh	ibit 66A at 2 1/2	c compound in	nterest \$ 1.	468,597 76	-
				9	

Similar figure with 61/2% interest compounded annually 902,413.43

Annual Accrual For A	mortization Of Pr	operty Added 6/30	/41 To 12/31/41
		June 30, 1941	Dec. 31, 1941
Total gas plant (Exh. 5	2, p.2, 1.47)	\$66,689,669 57	
Add — reserve for amor and purchase contract			
		\$68,301,326.87	
Less - Work in progres	s (Exh. 52, p.2, 1.39	383,556.82	
Property at June 30, 19	II per Exh. 66A	\$67,917,770 05	
Total gas plant (Exh. 17	76, p.2, 1.47)		\$69,650,032 63
Add - Reserve for amor			1,758,171.00
		1	\$71,405,204.23
Less - Work in progress	s (Exh. 176, p.2,1.39	0.	2,899,093.40
Corresponding figure for figure in 66A	or Dec. 31, 1941	to	\$68,509,110 83
Increase in property to	he recovered through	zh	
amortization June 30	,		\$ 591,340.78
Factor at 6 1/2° comp	ound interest for r	e-	
covery in 24 years			1 8398
Annual requirement to tions June 30 — Dec.			\$ 10.879:49
tions stille oo Dec.	or, rote in at year		10,010,00

[fol. 16874]

Panhandle Eastern Pipe Line Company

Depletion

Provision made on books in 1941

Exh.: 173, line 12, col. M

MCF at .3¢

30,059,020 MCF

\$ 293,761

472,796

Gas produced in 1941 as shown on	Exhibit 177 —
Amarillo.	22,708,705 MCF
Hugoton	7,317,038
Other	33,278 " 30,059,021 MCF
Y.	00,000,021 MC1
Application of Biddison's Rates Se	et Out in Exhibit 67
Panhandle field 22,708,705 MCI	6 (a .5162e - \$117.222.34
	(a .5106 : 37,360.80 :
Other 33.278 "	@ .5120 +(1) 170.38
	· \$154,753 52
(1) Price for consc	listed fields
(1) interpretation	distased neares.
R	eplacements
Amount-per Exhibit 68A	. \$681,680
*Indicates red figures.	
	and the same of th
[foi. 16875] Michigan Gas	Transmission Corporation
	- 1016 - 1016
Excess R	eturn For Year 1941
	61/2002
3 4	Return
1. Average Utility Plant for '	Year 1941 \$12,550,119
	1.8
2. Working Capital	162,647
*	
3. Rate Base	\$12,712,766
4	
4. Return Allowable	\$ 826,330
5. Return Earned for 1941 as	Adjusted \$ 1,120,091
o. Acturn Lamen for 1891 as	2 1,120,001

Excess Return (5 minus 4)

Reduction in Gross Revenues required to eliminate eless return

			\$12,550,1	P		52,231	6,183		104.233 * 162.64
		2 10						* 0	01.
O Michigan Gas Transmission Corporation	=	\$12,295,896 99 12,804,341 16		\$ 3,614,865.37 52,159.96	\$ 3,667,025 33 3,249,178.39	\$ 417,846.94 8 8 000 76	6,364.61	\$ 93,412:78 -115,053.90	
as Transmissi	Rate Base For Year 1941) I, line.1)		3, line 53) • e 54)		(
Michigan G	Rate Base	Utility Plant at December 31, 1940 (Exhibit 88, page 1) Utility Plant at December 31, 1941 (Exhibit 163, page 1, line 1		inds for Operating Expenses Total operating expenses for 1941 (Exhibit 163, page 3, line 53) Fotal maintenance expenses (Exhibit 163, page 3, line 54)	gas purchased (Exhibit 163, page 4-B, line 20);	•	1, line 58).) 1, fine 53)	
	*	-31, 1940 (Exh		ifor 1941 (Exh ises (Exhibit 1	Exhibit 163, pa	1.5/12) 88, page 1)	13, " 1, En	88, page 1) 163, ** 1, he	
		t at December	year 1941	Funds for Operating Expenses Total operating expenses for Total maintenance expenses	s purchased (I	Amount for 1-1/2 mos. (1.5/12) rejesyments June 30, 1941 (Exhibit 88, pag	Dec. 31, 1941 (* 163, * 1, Average	-	
6876]	Utility Plant	Utility Plan Utility Plan	Average for year 1941 Working Capital	Funds for Op Total oper Total mair	Less ga	Amount for Prei-syments June 30, 194	Dec. 31, 19	Materials and Supplies June 30, 1941 (Exhib Dec. 31, 1941 (Average

Michigan Gas Transmission Corporation •

Income Statement - Year 1941

			1941
		Adjustments	Income
	Exhibit 163	See Attached	Adjusted
Gross Revenues			
Sales to Other Gas Utilities	\$3,576,343.78		\$3,576,343.78
Inter-Company Sales	322,819.43		322,819.43
The company cares	322,017.40		322,313.40
Total Gas Sales	\$3,899;163.21		22 000 162 01
Total Clas Gales	45,899,105.21		\$3,899,163.21
Rent from Gas Property	722 00		
Revenue from Transportation of Gas for Others	755.00	•	\$ 755.00
Resemble from Transportation of Gas for Others	1,627,746.55	-	1,627,746,55
Total Other Gas Revenues	A1 600 FO1 FE	•	. 41 400 801 88
Total Other Gas Revenues	\$1,628,501.55		\$1,628,501.55
Total Gas Revenues	27 107 004 70		
Non-Utility Revenues	\$5,527,664.76	· man	\$5,527,664.76
Non-Curry Revenues	130.00	Prince	130.00
Total Revenues	AT POR TO		
Total Revenues	\$5,527,794.76.		. \$5,527,794.76
Operating Revenue Deductions		(10)	
Operating Expenses	40, 614, 665, 95	A 00 400A(4)	
Maintenance	\$3,614,865,37	\$ 89,400*(1)	\$3,704,265.37
	52,159.96	4,000	52;159.96
Provision for Retirements	366,785.40	+129,443(2)	237,342.40
Taxes — Local and miscellaneous Federal	158,027.67	4.0 000	158,027 67
" — Federal income	222,707,99	+13,857(3)	208,850.99
" — Excess Profits	91,756.60	*44,700(4)	47,056 60

Total Operating Revenue Deductions	\$4,506,302.99	\$*98,600	\$4,407,702.99
0.			Minighaning a series system resident in the last of th
Net Operating Revenue	≥ \$1,021,491.77	\$ 98,600	\$1,120,091.77
Other Income (Interest)	227 42		227.42
	221.12		221 12
Gross Income	\$1,021,719.19	\$ 98,600	\$1,120,319.19
The state of the s	41,021,115.15	90,000	•1,120,319.19
Income Deductions			
In rest on Leans of Columbia Gas & Electric Corp.	\$ 503,230.00		\$ 503,230.00
Interest - Other	12.769.04	4	12,769 04
• Interest - Charged to Construction .			*4,178.67
instruction Constitution	*4,178.67		4,178.07
Total Income Deductions	£ 511 990 27	•	e 611 000 97
The same section straight	\$ 511,820.37	3	\$ 511,820.37
Net Income	* 800 ene en	• :00 000	e ene ano co
	\$ 509,898.82	\$ 98,600	\$ 608,498.82
*Indicates red figures: •	o .		* *
4 4			

Michigan Gas Transmission Corporation .

Adjustments To 1941 Income Statement For Changes In Operating Expenses Not Fully Effective For Entire Calendar Year 1941

	Changes In Operating Expenses Not	- 1	. /
. 4243	Fullý Effective For Entire Calendar Year 1941		
(1)	Operating Expenses		
	(a) Payroll increases to employees effective July 1, 1941 —	00 000	3
4.	Total annual increases . Included in 1941 expenses (Exhibit 247, line 7)	22,800 11,400	\$ 11.400
0	included in 1911 expenses (Exhibit 211, 1910 1)		
10	(b) Emergency property protection —		
	Total per year	72,000	76 000
· i.	Included in 1941 expenses (Exhibit 247, line 19)		72,000
-	(c) Rate case expense —		
	Annual rate of write-off (Exhibit 163, page 21A, line 42)	12,000	•
	Included in 1941 expenses	6,000	6,000
			\$ 59,400
+(2)	Provision for Retirements		
	Amortization of Investment —		
		2,261,261	
	Less — Original cost of Short Term Property at June 30, 1941 (Exhibit 85)	54,000	
		0 007 001	
	Additions July 1, 1941 to December 31, 1941 —	2,207,261	•
•	Utility Plant account Dec. 31, 1941 (Exhibit 163, page 1, line 1) \$12,804,341		
	Utility Plant Account June 30, 1941, (Exhibit 88, page 1) 12,402,884		
-	Lancard Lord & months of 1011	401 .457	•
	Increase last 6 months of 1941	701,101	
	Long Term Investment at December 31, 1941		12,608,718
	Deduct — estimated salvage on long term property		
	On property at June 30, 1941 (Exhibit 104, page 6)	127,935	
1	On increase in property in last 6 months of 1941 —	ned: *	
	Ratio of estimated salvage used in Exhibit 104, page 6 — \$127,935/\$12,207,261 or 1. Estimated salvage on additions in last 6 months of 1941 — 1.05% of \$401,457 equals	4.215	132,150
	Latinated sale ring of a second secon		
	Long Term Investment to be recovered through amortization		\$12,476,568
	*Indicates red figures.	4	
fol. 16	9701	. :	
01. 10		. 1	
	Factorgor Annual Rate of Amortization on a sinking fund basis earning 6 1/2% compound	ed annually	1 83977
	for 24 years	•	
a	Annual Amortization of Long Term Investment.		\$ 229,540
	Annual Amortization of Short Term Investment — Straight Line Basis (Exhibit 104, page	1, item 12)	7,802
	Total Annual Requirement to Amortize Investment in Utility Plant		\$ 237,312
¥ 5	Provision for Retirements Charged on Books for Year 1941		366,785
40	Reduction		\$ *129,443
.0			

(3) Federal Income Tax

15.5% (31% after 50% Excess-Profits Tax) of \$89,400 shown in (1) above

\$ +13,857

(4). Excess Profits Tax

Increase in expenses per (1) above of \$89,400 reduces taxable income by this amount which falls within the 50% bracket of Excess-Profits Tax

**Indicates red figures.

[fol. 16880] Crtificate of Service

I hereby certify that I have this day mailed, postage prepaid, to the respective counsel for each of the parties to this proceeding copies of the amended motion of Michigan Consolidated Gas Company for an interim order reducing rates.

Dated at Washington, D. C., this 27th day of April, 1942.

PARK CHAMBERLAIN,

Counsel for Michigan Consolidated Gas Company.

[fol. 16881] (Stipulation of Counsel for various Parties and Federal Power Commission Counsel consenting to withdrawal of Federal Power Commission Counsel's Motion for Immediate Order reducing Rates, etc.)

(Received May 7, 1942, Federal Power Commission.)

(Docketed May 11, 1942, Federal Power Commission.)

City of Detroit, Michigan and County of Wayne, Michigan

Panhandle Bastern Pipe Line Company and Michigan Gas Transmission Corporation

Docket No. G-200.-100-2

Formal

In the Matter of

Panhandle Eastern Pipe Line Company
Michigan Gas Transmission Corporation
and
Illinois Natural Gas Company

Docket No. G-207

It is hereby stipulated by and between counsel for the respective parties to the above-entitled proceedings that Commission counsel's motion for an immediate order reducing rates, filed with the Trial Examiner during the hearing on April 23, 1942, and copied in the transcript of

the proceedings at pages 10753 to 10764, may be withdrawn and that Commission counsel may file in substitution therefor the motion for an immediate order reducing rates, a copy of which is hereto attached.

It is understood that the execution of this stipulation by and on behalf of Respondents shall not indicate or be deemed to indicate approval of the merits of the motion or the proposed changes therein, or approval or assent to any allegation or assertion contained in said motion, or to the validity of any such allegation; and, in particular, it is understood that the execution of this stipulation by and on behalf of Respondents is being made at the request of counsel for the Commission, and does not constitute and may not be deemed to constitute a waiver of any of the rights of said Respondents, or any of them, whether under such contention as they may make of denial to them of due process of law in these proceedings, or otherwise.

CARL J. WHEAT,

Counsel for PANHANDLE EASTERN PIPE LINE COMPANY.

MICHIGAN GAS TRANSMISSION CORPORATION,

ILLINOIS NATURAL GAS

HARRY S. LITTMAN, Counsel for FEDERAL POWER COMMISSION.

JAMES H. LEE.

CITY OF DETROIT, MICHIGAN

HAROLD GOODMAN,
Counsel for
COUNTY OF WAYNE, MICHIGAN

PARK CHAMBERLAIN,
Counsel for
MICHIGAN CONSOLIDATED
GAS COMPANY.

[fol. 16882] (Motion of Counsel for Federal Power Commission for Immediate Order reducing Rates.)

Comes now Harry S. Littman, Counsel, for the Federal Pover Commission, in the above-entitled cause, who respectfully represents that:

- 1. On February 28, 1941, a petition was filed by the City of Detroit and the County of Wayne, Michigan, in Docket No. G-200, alleging, among other matters, that Panhandle Eastern Pipe Line Company' sells natural gas to he Michigan Consolidated Gas Company for resale in the City of Detroit and County of Wayne, Michigan; that such gas is produced in the States of Texas and Kansas and is transported to a point of delivery near the City of Detroit; that such gas is transported from a point on the Indiana-Illinois boundary line to a point at or near the City of Detroit by Michigan Gas Transmission Corporation for the account of Panhandle Eastern, for which . transportation Panhandle Eastern pays its affiliate, Michigan Gas, an excessive rate or charge; that the rates and charges demanded and collected by Panhandle Eastern from Michigan Consolidated Gas Company are unjust, [fol. 16883] unreasonable, and unduly discriminatory; and praying that the Commission, after investigation, fix and determine the just and reasonable rates to be thereafter observed and in force in respect of such transportation and sale of natural gas for resale in said City and County.
- 2. On March 28, 1941, Michigan Gas filed an answer denying that any of its charges in connection with the sale or delivery of gas to Michigan Couloidated Gas Company are excessive, unjust or unreasonable; and on April 3, 1941, Panhandle Eastern filed an answer to the said petition denying that its rates are unjust, unreasonable or discriminatory.
- 3. By order of May 22, 1941, the Commission on its own motion instituted an investigation, in Docket No. G-207, for the purpose of enabling the Commission to determine whether, in connection with any transportation or sale of

^{&#}x27;Hereinafter sometimes referred to as "Panhandle Eastern"

[&]quot;Hereinafter sometimes referred to, as "Michigan Gas",

natural gas subject to the jurisdiction of the Commission, the rates and charges of Panhandle Eastern and Michigan Gas are upjust, upreasonable, unduly discriminatory, or preferential, and, if so, to fix by appropriate order or orders just and reasonable rates or charges.

- 4. By order of June 10, 1941, the Commission permitted the Michigan Public Service Commission to become an intervener in the complaint proceeding designated Docket No. G-200; and by order of July 12, 1941, the Commission permitted Michigan Consolidated Gás Company to become an intervener and a party to said proceeding.
- 5. On September 2, 1941, the Commission directed that the proceeding in Docket No. G-207 be consolidated with the complaint proceeding in Docket No. G-200 for purposes of hearing.
 - 6. On March 26, 1942; the Commission ordered that the investigation, instituted by the Commission's order of [fol. 16884] May 22, 1941, be enlarged to include an investigation of the rates and charges of Illinois Natural Gas Company, a wholly-owned subsidiary of Panhandle Eastern, and making said Illinois Natural Gas Company a party respondent to the proceeding designated Docket No. G-207.
 - 7. Hearings were commenced on July 15, 1941, and have continued for approximately 84 days during which a total of approximately 10,000 pages of testimony has been taken; one witness appeared for the pelitioners who introduced approximately 15 exhibits, 21 witnesses appeared for the respondents who introduced approximately 186 exhibits, and 4 witnesses appeared for the Commission who introduced approximately 30 exhibits; intervener Michigan Consolidated Gas Company introduced 9 exhibits; all of said witnesses were either cross-examined or were tendered for cross-examination, and full and complete opportunity has been given to the respondents to cross-examine all wit-

^{&#}x27;Sometimes hereinafter referred to as "Illinois Natural".

Panhandle Eastern, Michigan Gas, and Illinois Natural are herematter sometimes referred to collectively as "respondents".

nesses offered by the petitioners and the Commission; and full and complete opportunity has been afforded to the respondents to present testimony and to rebut the testimony offered by the petitioners and the Commission.

- The respondents have introduced evidence with respect to book cost and original cost of plant, "going concern value", capital additions, working capital, depreciation, gas reserves, revenues, expenses, allocation, operations, rate of return and other matters alleged to relate to the issue of the reasonableness of their rates, and have presented a complete case in attempted justification of the said rates; the petitioners also presented evidence on certain similar subjects; Commission counsel, introduced evidence relating to a write-up in the book cost of plant accounts, historical earnings on average net investment, [fol. 16885] working capital, depreciation and, allocation rate of return; the evidence now contained in the record, which includes the respondents' entire presentation on direct covering all elements allegedly relating to the issue of reasonableness of the existing rates; is sufficient and complete in establishing that the present rates charged and collected by the respondents are unjust and unreasonable (as her inafter shown) and should be immediately reduced before the taking of further testimony of the Commission's witnesses.
- 9. At page 10651 of the transcript of the proceedings, counsel for the respondents stated that they had concluded the presentation which they desired to make; at page 16772 of the transcript of the proceedings, at the conclusion of all the evidence now contained in the record, respondents counsel stated that they had no further testimony to offer; at page 10773 of the transcript of the proceedings respondents counsel stated "We will not make the contention that we have not had an opportunity to put on additional testimony here if we had so desired"; and the respondents have had in every respect a full, fair and complete hearing.
- 10. From a consideration of all the evidence it appears. that:

I. Rate Base

(a) The book cost of plant, as claimed by the respondents, at December 31, 1941, is \$82,952,156.82, as follows:

Claimed Book Cost of Plant!

Panhandle Eastern .			*	\$66,541,913
Illinois Natural	•			3,108,120
Michigan Gas				12,664,841
Indiana Gas	1	. •		197,957
Pipe Line Purchased				439,326
-		S .	0.0	

Total (Exh. 194)

\$82,952,157

[fol. 16886] Respondents' claim that the investment in properties as shown on their books substantially represents the original cost of said properties (T. 926-927; Exh. 91).

- (b) Included in the said claimed cost of plant is the amount of \$2,910,734 of construction work in progress, which should properly be deducted from said total claimed cost in arriving at the original cost of plant in service at December 31, 1941.
- (c) Included in the said claimed cost of plant of Panhandle Eastern is the purported unamortized cost of "Gas Sales and Purchase Contracts" in the amount of \$1,172, 115; and the evidence shows that the said sum of \$1,172, 115 does not represent actual cost but it is in fact a write-up and should properly be eliminated from the said claimed cost of plant in arriving at original cost of plant in service at December 31, 1941.
- (d) Included in the said claimed cost of plant are "Contributions" in Aid of Construction" totaling \$55,016, which should properly be deducted in arriving at the original cost of plant in service as of December 31, 1941.
- (e) The original cost of plant in service at December 31, 1941, reflecting the deductions and eliminations set

Giving effect to financing transactions consummated on February 6, 1942 and the acquisition on that date of capital stock and debt of Michigan Gas Transmission Corporation and Indiana Gas Distribution Corporation (herein sometimes referred to as "Indiana Gas") and purchase of a pipe line of Ohio Fuel Gas Company

forth in paragraphs (b), (c) and (d) above, is not more than \$78,814,292, as here shown:

· Cost of Plant in Service

- Panhandle Eastern	\$62,665,568
Illinois Natural	2,871,194
Michigan Gas	12,643,847
Indiana Gas	194,357
	\$78,374,966
Pipe Line Purchased from Ohio	
Fuel Gas Co. subsequent to	1
December 31, 1941	439,326
	-
. Total	470 014 000

[fol. 16887] (f) The respondents have accumulated reserves for depreciation, depletion and amortization, as of December 31, 1941, in the amount of \$12,596,987, as follows (Exh. 194):

Reserves for Depreciation, Depletion and Amortization

Panhandle Eastern		\$10,405,047
Illinois Natural		502,976
Michigan Gas	•	1,661,966
Indiana Gas		26,998

Total \$12,596,987

The evidence shows that the said reserves, totalling \$12,596,987 represent the accrued depreciation, depletion and amortization of the plant in service, as of December 31, 1941; and the said amount is deducted from the aforesaid cost of plant to arrive at the rate base for purposes of this motion.

(g) The evidence shows that the allowable working capital is not in excess of \$920,000, as follows:

	- In it
Working Capital	
Panhandle Eastern Illinois Natural Michigan Gas Indiana Gas	\$726,000 17,000 173,000 4,000
Total (Exh. 221)	\$920,000
(h) Based upon paragraphs (a) to rate base, & e., original cost, less accrue plus working capital, is not in excess of here shown: Rate Base	ed depreciation,
Cost of Gas Plant in Service	
at December 31, 1941	\$78,814,292
Less: ·°	
Depreciation Reserves	12,596,987
Net Original Cost	\$ 66,217,305
Working Capital	920,000
• Rate Base	\$67,137,305
[fol. 16888] AL. Gross Operating Revenu	le ·
The consolidated gross operating reversions spondents for the year 1941 amounted to \$1 195). III., Operating Expenses (a) The consolidated operating expenses the respondents' exhibits, for the year 19-	7,789,573 (Exh. es, as shown by
lows:	er, were as 101-
Operation and Maintenance Gas Purchased Operation Depletion and Amortizati	\$2,648,694 1,180,918 on 2,473,383

	Operation and Maintenance	· \$2,040,034	
*	Gas Purchased	1,180,918	
	Appreciation, Depletion and Amortization	on 2,473,383	
	Amortization-Gas Contracts	332,143	* 1
	Taxes—Federal Income ²	2,063,175	
	Taxes-Federal Excess Profits	1,677,054	
0	Taxes-Property and Misch.	901,387	3
	Total (Exb. 195)	\$11,276,754	

Inter-company gas purchases diminated.

Includes charges in lieu of Federal Income and Excess Profits Taxes in the amount of \$823,881. Does not include pro-forma adjustments.

- (b) Included in said operating expenses is the sum of \$293,029 charged annually for the purpose of amortizing "Gas Sales and Purchase Contracts"; the evidence shows that the purported unamortized cost of such contracts in the amount of \$1,172,115, as of December 31, 1941, does not represent actual cost but is in fact a write-up; and the said expense of \$293,029 should be eliminated from operating expense.
- (c) Said total operating expenses include the sum of \$6,000 charged for rate case expense, which amount should be eliminated from operating expenses for purposes of this proceeding.
- (d) The Federal income taxes should be reduced from \$2,063,175 to \$942,951, and the Federal excess profits taxes should be entirely eliminated in order to reflect the tax savings due to the indicated reduction in gross revenue hereinafter shown.

[fol. 16889] (e) The sum of the deductions set forth in paragraphs (b), (c) and (d) above total \$3,096,307, leaving \$8,180,447 as the maximum allowable operating expenses, as follows:

Operation and Maintenance.	2	\$2,642,694
Gas Purchased		1,180,918
Depreciation, Depletion and Amorti	zation	2,473,383
Amortization—Gas Contracts		39,114
Taxes—Federal Income		942,951
Taxes—Property and Misch.		901,387

Total (as adjusted)

\$8,180,447

IV: Return

(a) The amount available for return after operating expenses and taxes, as adjusted in III, above, is \$9,609,126, as follows:

Gross Operating Revenue	\$17,789,573
Operating Expenses (as adjusted)	8,180,447
Net Operating Revenue	\$ 9,609,126

- (b) A fair rate of return for respondents is not more than 6 per cent, or \$4,028,238 upon the rate base of \$67,-137,305.
- (c) The gross revenue of respondents, therefore, exceeds a fair return by not less than \$5,580,888 as follows:

Net Operating Revenue Return at 6% \$ 9,609,126 4,028,238

Excess of Revenue Above 6% Return

\$5,589,888

- (d) During the five years 1937 to 1941, inclusive, Panhandle Eastern and subsidiary companies earned an average return of not less than 10.64% on their average net investment in plant of \$53,997,936. (Exh. 222-A).
- (e) During the period March 1, 1936, to December 31, 1941, Michigan Gas earned an average return of not less than 8½% on its average net investment in plant of \$9, 134,568 (Exh. 232).
- [fol. 16890] 11. The evidence now clearly establishes that the present rates charged and collected by the respondents are unjust and unreasonable.
- 12. In order to aid the regulatory agencies in the States of Michigan, Ohio, Indiana, Illinois, Missouri and Kansas in fixing fair and reasonable rates for gas sold to ultimate consumers in said States, it is necessary that an immediate order be entered reducing the rates and charges of the respondents.
- 13. Nothing herein contained is to be taken as an admission of the accuracy or propriety of any of the claims made by the respondents or their witnesses.

Wherefore, Commission Counsel prays that the Commission enter an immediate interim order fixing just and reasonable rates for gas sold and transported by the respondents, Panhandle Eastern Pipe Line Company, Illinois Natural Gas Company and Michigan Gas Transmission Corporation.

HARRY'S, LITTMAN, Counsel for Federal Power Commission.

[fol. 16891] Certificate of Service

I hereby certify that today I have served copies of the attached motion on all parties to this proceeding by mailing such copies to their respective counsel of record.

Dated: Washington, D. C. This 11 day of May, 1942.

HARRY S. LITTMAN.

[fol. 16892] (Opinion Number 80 of Federal Power Commission.)

Memorandum of Clerk of U. S. Circuit Court of Appeals:

The Opinion No. 80 of the Federal Power Commission in Dockets Nos. G-200 and G-207 was made a part of the type-written transcript of record at this place but same is omitted from the printed record to avoid duplication inasmuch as a copy of such Opinion of the Federal Power Commission heretofore appears in this printed record as Exhibit A to the Petition of the Panhandle Eastern Pipe Line Company, et al., to Review and Set Aside an Order of the Federal Power Commission at folio page q.

(Order of Federal Power Commission Reducing Rates, September 23, 1942.)

Memorandum of Clerk of U. S. Circuit Court of Appeals:

The Order of the Federal Power Commission of September 23, 1942, in Dockets Nos. G-200 and G-207 was made a part of the typewritten transcript of record at this place out same is omitted from the printed record to avoid duplication inasmuch as a copy of such Order of the Federal Power Commission heretofore appears in this printed record as a part of Exhibit A to the Petition of the Panhandle Eastern Pipe Line Company, et al., to Review and Set Aside an Order of the Federal Power Commission at folio page rr.

[fol. 16934] (Petition of Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company for Extension of Time Within Which to File New Schedules of Rates of Charges.)

(Received October 9, 1942, Federal Power Commission.)

Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation, and Illinois Natural Gas Company, Respondents in these proceedings, respectfully request that this Commission extend the time for filing new schedules of rates and charges from October 15, 1942, as directed in the Commission's Order made pursuant to Opinion No. 80 in these proceedings, to December 1, 1942, and in support of this request Respondents state:

1. That since the receipt on September 29, 1942 of the Commission's Order above referred to, Respondents have [fol. 16935] proceeded diligently in attempting to devise rates and charges which might effect a reduction of not less than \$5,094,384.00 below their 1941 consolidated gross operating revenues of \$17,789,573.00 when applied to their 1941 transportation and sales; that although a number of rates and charges of varying types and form which might accomplish the result ordered by the Commission have been considered, none of them has as yet proven satisfactory to Respondents from the standpoint of their desire to adopt a simple form of rate capable of meeting the varying conditions prevailing on their system and of equitably distributing the ordered reduction among their various customers.

Respondents further state that they are continuing their rate studies with diligence in an effort soon to design rates and charges which will be satisfactory to them and which they believe would satisfy their customers and this Commission if and when the Commission's Order becomes finally effective.

2. Respondents state that upon designing such rates and charges, they still will face the difficult task of designing new rate schedules which, insefar as possible, they hope te make uniform and capable of accomplishing simplification of their entire rate structure. In this connection Respondent state that their present rate schedules are complicated and unwieldy by reason of the fact that each rate schedule applying to deliveries east of Dana, Indiana is accompanied by a separate carrying agreement between Panhandle Eastern and Michigan Gas; that anticipating an [fol. 16936] ultimate merger of Michigan Gas and Illinois Natural into Panhandle Eastern, it is the desire of Respondents, pending the anticipated merger, that any new sales rate schedules which might/take the place of those presently existing be filed in the hame of Panhandle Eastern and that all gas which might be transported and de-. livered by Illinois Natural and Michigan Gas be covered by one simple carrying agreement between Panhandle Eastern and each of its two subsidiaries.

- Respondents further state that they presently have on file with this Commission sixty four wholesale rate schedules with numerous supplements and although they already have accomplished uniformity in many of these schedules, it would be highly desirable from the standpoint both of this Commission and of Respondents if further elimination of nonuniform terms and conditions in Respondents' rate schedules could be accomplished. Respondents believe that with the possible exception of two customers where attending circumstances might require nonuniformity of terms and conditions, they can design rate schedules which will apply uniformly to all of their Respondents hope and believe that with an extension of the time within which to file new rates and charges to December 1, 1942, they can design new rates and rate schedules which would be satisfactory to all concerned upon final effectiveness of the Commission's Order above referred to.
- 4. Respondents state that they have not yet determined [fol. 16937] whether to file with this Commission a Petition for Rehearing in these proceedings on (should such petition be filed and denied) whether to perfect an appeal to a Federal Circuit Court of Appeals having jurisdiction, but in any event Respondents state that they do not by this

request for an extension of time ask this Commission to extend the date from which new rates and charges shall be applicable in the event the Commission's Order pursuant to Opinion No. 80 in these proceedings should finally become effective.

Respectfully submitted.

PANHANDLE EASTERN PIPE LINE COMPANY,

MICHIGAN GAS TRANSMISSION CORPORATION,

ILLINOIS NATURAL GAS-COMPANY,

By G. J. Neuner,

Vice President, 1221 Baltimore Avenue, Kansas City, Missouri.

State of Missouri,

County of Jackson-ss.

G. J. Neuner, being first duly sworn, deposes and says that he is Vice President of Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company; that he has read the foregoing Request for Extension of Time and knows the contents thereof, and that the same is true to his own knowledge except as to the matters therein stated upon information or belief and as to those matters he believes them to be true.

G. J. NEUNER.

Subscribed and sworn to before me this 7th day of October, 1942.

(Notarial Seal)

MARY C. MAGERS, Notary Public.

My Commission expires August 31, 1943.

[fol. 16938] (Order of Federal Power Commission Granting Extensions of Time to Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company to File New Schedules of Rates and Charges.)

United States of America

Federal Power Commission.

Commissioners Leland Olds, Chairman, Claude L. Draper, Basil Manly, John W. Scott and Clyde L. Seavey.

October 12: 1942.

City of Detroit, Michigan and County of Wayne, Michigan, Docket No. G-200, vs.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

In the Matter of

Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company.

Docket No. G-207.

Upon motion filed with the Commission October 9, 1942, by Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company, praying that additional time be granted Respondent-Defendants for the preparation and filing of new schedules of rates and charges as provided for in Section (B) of the Commission's order of September 23, 1942:

It appearing to the Commission that:

Good cause has been shown for the granting of the extension of time hereinafter ordered;

The Commission orders that:

The time within which the Respondent-Defendants shall file the new schedules of rates and charges required by the Commission's order of September 23, 1942, be and the same is hereby extended to November 10, 1942, provided, however, that?

(i) the extension of time herein granted shall not operate as a change of the date on which the new schedules of rates and charges shall be effective, namely, November 1, 1942;

[fol. 16939] (ii) Nothing in this order shall be construed as staying the time within which Respondent-Defendants shall file a petition for rehearing or a petition for review as provided in Section 19 of the Natural Gas Act.

By the Commission.

J. H. GUTRIDE;
Acting Secretary.

[fol. 16940] (Petition of Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company for Stay of Order of Federal Power Commission of September 23, 1942.)

(Received October 23, 1942, Federal Power Commission.)

To The Honorable Federal Power Commission:

Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company, defendants-respondents in the above entitled and numbered causes, and herein termed respondents respectfully petition the Commission to enter and issue an order staying in all respects the effective date and operation of the Commission's order of September 23, 1942 entered pursuant to its Opinion No. 80, and served on respondents on September 28, 1942 (said order having, in effect, been amended by the Commission's order of October 12, 1942, extending the time in which respondents are required to file new schedules of rates and charges).

The following facts are alleged in support of this peti-

[fol. 16941] (1) Respondents have; within the time required by the National Gas Act and the Rules of the Commission, filed with the Commission their Petition for Re-

hearing and Reconsideration, in which they seek an order of the Commission abrogating and setting aside said order of September 23, 1942, which motion has not yet been determined by the Commission.

- (2) In said petition, complaint is made of certain rulings of the Examiner, and of certain findings, holdings and orders of the Commission.
- (3) Respondents have many customers who purchase gas for resale, under rate contracts and schedules of varying types, and there is a lack of uniformity in the prices paid by such distributors for the gas purchased by them.
- (4) In the event said order is not stayed, and the Commission upon consideration shall grant respondents' Petition for Rehearing and Reconsideration, of if said petition be denied, and as a result of a proceeding for review filed in a court of competent jurisdiction, said order shall be modified or set aside, in whole or in part, respondents probably will be faced with the necessity of filing many suits to recover the deficiency in collections during the pendency of the consideration of said petition for rehearing by the Commission, and during the pendency of such review, proceedings, if any; but the rights of respondents and their customers as well as the rights of the ultimate consumers may be fully protected by a reasonable impounding order issued by the Commission as a condition for stay.
- ask the Commission to postpone the date from which new rates and charges shall be applicable in the event the Commission's order pursuant to Opinion No. 80 shall become finally effective, but only that compliance with said order be stayed pending a consideration and determination by the Commission of their said Petition for Rehearing and Reconsideration, and pending a review, if any be sought, [fol. 16942] of said order by a court of competent jurisdiction as provided by the terms and provisions of the Natural Gas Act.

Respondents stand ready to comply with any reasonable impounding requirement which the Commission may find

appropriate as a condition for granting this application for stay.

Respectfully submitted,

PANHANDLE EASTERN PIPE LINE COMPANY,

MICHIGAN GAS TRANSMISSION CORPORATION,

ILLINOIS NATURAL GAS COMPANY,

By Glenn W. Clark, Attorney of Record, 1221 Baltimore Avenue, Kansas City, Missouri.

State of New York, County of New York.

J. D. Creveling, being duly sworn, makes the following statement on oath; that he is the President of Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company, defendant respondents named in the above and foregoing petition; that he has read said application and that the statements of fact therein contained are true, according to his best knowledge and belief.

J. D. CREVELING.

Subscribed and sworn to before me this 22nd day of October, 1942.

(Notarial Seal)

FRANK A. MOYER,
Notary Public,
New York County, New York,
Notary Public, Kings Co., N. Y.
Kings Co. Clk's No. 80, Reg. No. 4074
N. Y. Co. Clk's No. 104, Reg. No. 4M79

Commission expires March 30, 1944.

[fol. 16943] State of New York, County of New York.

Glenn W. Clark, being duly sworn, states on oath that he is an attorney of record for respondents named in the foregoing Petition for Stay; that on this 22nd day of October 1942 he has served a copy of said Petition for Stay upon an attorney of record for each party to these proceedings by properly addressed U. S. Mail, postage prepaid.

GLENN W. CLARK.

Subscribed and sworn to before me this 22nd day of October, 1942.

(Notarial Seal)

FRANK A. MOYER,
Notary Public,
New York County, New York,
Notary Public, Kings Co., N. Y.
Kings Co. Clk's No. 80, Reg. No. 4074
N. Y. Co. Clk's No. 104, Reg. No. 4M79

Commission expires March 30, 1944.

[fol. 16944] (Petition of Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company for Rehearing.)

(Received October 23, 1942, Federal Power Commission.)

To The Honorable Federal Power Commission:

Now come Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company, defendants-respondents in the above entitled and numbered causes, and herein termed respondents, and apply for a rehearing and reconsideration on the order of the Commission dated September 23, 1942, and served on respondents on September 28, 1942. The grounds upon which this application is based are stated specifically in the specifications of error, hereinafter set out, addressed ' to certain rulings of the Commission's Examiner in the course of the hearing of evidence, and to certain rulings, holdings and findings in the memorandum opinion upon which said order is based, and in the order itself; and cer-[fol. 16945] tain assignments are based on the failure in such order to make certain rulings, holdings and findings under the record in these proceedings.

Specifications of Error.

I.

The Examiner for the Commission erred in refusing to admit in evidence the exhibits showing the reproduction

cost new of respondents' physical properties, and the present value of such properties as evidenced by the reproduction cost new of such properties less observed depreciation thereof. Such facts are disclosed in Exhibits Nos. 39, 39A, 62, 83 and 84, objections to the admission of which were sustained by the Examiner, and subsequent tender of proof thereon rejected.

IP.

The Examiner for the Commission erred in refusing to admit in evidence the pesent value of the gas leasehold estates owned by Respondent Panhandle Eastern, based on the prices at which said gas leaseholds could now be sold, whether the production therefrom be sold by the purchaser in a regulated or in an unregulated market. The details of such valuation and the testimony of the witness Wallace explanatory thereof fully appear in Exhibits 37 and 37A, objections to the admission of which were sustained by the Examiner, and subsequent tender of proof thereon rejected.

III.

The Examiner erred in refusing to admit in evidence testimony dealing with the value of the properties of Respondent Panhandle Eastern at the approximate date of the enactment of the Natural Gas Act. Such evidence was reflected in Exhibits 71 and 75. Objections were sustained by the Examiner to the admission of Exhibit 71, and motion to strike pages 17, 20, 21, 22 and 32 of Exhibit 75 was sustained. Subsequently tender of proof of Exhibit 71 and the stricken pages of Exhibit 75 was refused. The evidence so rejected was of importance because it, considered in [fol. 16946] connection with the additions to plant account and depreciation charged since 1937, has a bearing on the present value of Panhandle Eastern's properties, and a determination of an appropriate rate base and returns

IV.

The Commission erred in refusing to allow as a part of the rate base, the in estment represented by work in progress on December 31, 1941, since such property represented actual cost on that date.

The Commission erred in refusing to include in the rate base the property represented by construction work in progress on February 28, 1942, since such property represented actual cost on that date.

VI.

The Commission erred in refusing to include in the rate base the property represented by construction work in progress on March 31, 1942, since such property represented actual cost on that date.

VII.

The Commission erred in refusing to include in the rate base the additional capital expenditures, which are covered by current budgets, are in course of construction, and will be completed by the end of 1942, since the evidence clearly shows that the expenditures will be made, and that funds are on hand to make the required payments.

VIII:

The Commission erred in refusing to include as a part of the rate base the amount by which the Gas Plant classified was increased during the period December 31, 1941 to March 31, 1942 since such increase reflects actual cost to Respondents.

[fol. 16947] IX.

The Commission errol in refusing to include in the rate base the unamortized portion (\$251,505) of the item of \$654,989 included in "old gas sales and purchase contracts" which concededly reflects cost to Panhandle Eastern.

X.

The Commission erred in refusing to accept as the rate base Respondents' "Prudent Investment" represented by its invested capital, adjusted by a reduction therefrom of the unamortized portion of the item representing the contracts acquired by Panhandle Eastern from Missouri Ransas Pipe Line Company, originally for \$2,398,402, the only item reflected in the invested capital as to which any question has been raised relating to cost to Panhandle Eastern.

XI.

The Commission erred in failing to allow as a part of operating expenses the sum of \$73,500 per annum required in 1942 and subsequent years, but not reflected in 1941 operating expenses, which additional expense results from payroll increases not incident to increase in revenues.

XII.

The Commission erred in failing to allow as a part of the operating expenses, the sum of \$221,500, not reflected in 1941 expenses, required for emergency property protection as a result of the war.

XIII.

The Commission erred in failing to allow as an operating expense, the sum of \$70,000 representing a reasonable annual charge for amortizing in five years the expense of these proceedings.

[fol. 16948]

XIV.

The Commission erred in failing to allow as an operating expense, the sum of \$30,000 representing an increased cost of Employees' Welfare and Pension Expense resulting from the employees of Michigan Gas becoming employees of the Panhandle Eastern System and thereby entitled to participate in such benefits.

XV.

The Commission erred in failing to find and recognize that of the revenue received for 1941, at least \$980,000 represented increased sales to companies engaged in war work, and did not represent normal sales.

XVI.

The Commission erred in using Respondents' 1941 experience as a test period without adjusting same so as to deduct the increased sales to purchasers engaged in war work, and so as to increase operating expenses by increases in payroll, cost of Employees' Welfare and amortization of rate case expenses.

XVII.

The Commission erred in using Respondents' 1941 experience as a test period, without adjusting same to take account of the certain increase in Federal Income and Excess Profits Taxes required by the 1942 act, which rates all must recognize will not be substantially reduced for many years.

XVIII.

The Commission erred in finding that 6½% is a fair return upon the rate base allowed because there is no evidence of probative value to support that finding.

XIX.

The Commission erred in finding that \$4,363,925 constitutes a reasonable return to Respondents because there is no evidence of probative value showing that such amount [fol. 16949] is a fair and reasonable return on either Respondents' invested capital, or the fair value of their property.

XX.

The Commission erred in finding that \$4,363,925 constitutes a reasonable return to Respondents because there is no evidence of probative value that such sum reflects that "cost of service" as that term is used in applying the prudent investment doctrine of regulation.

XXI.

The Commission erred in finding that \$4,363,925 constitutes a reasonable return to Respondents, because there is no evidence of probative value that such a return will be adequate to attract capital to the enterprise.

XXII.

The Commission erred in finding that \$4,363,925 constitutes a reasonable return to Respondents, because there is no evidence of probative value that such a return will be adequate to maintain and support their credit, and enable them to raise the money necessary for the discharge of their public duties.

XXIII.

The finding of the Commission that \$4,363,925 constitutes a reasonable return to Respondents is against the uncontroverted evidence to the effect that such a return will not represent Respondents' cost of service, and the Commission erred in failing to so find.

XXIV.

The finding of the Commission that \$4,363,925 constitutes a fair return to Respondents is against the uncontroverted evidence to the effect that such a return will not be adequate to affract capital to the enterprise, and the Commission erred in failing to so find.

[fol. 16950]

XXV.

The finding of the Commission that \$4,363,925 constitutes a fair return to Respondents is against the uncontroverted evidence to the effect that such a return will not be adequate to maintain and support Respondents' credit and enable it to raise the money necessary for the proper discharge of their public duties.

XXVI.

The Commission erred in failing to adopt at least Respondents' Invested Capital (less the unamortized portion of the old gas sales and purchase contracts) as of March 31, 1942, in the sum of \$76,563,961, as the appropriate rate basis and the cost of service thereof, \$5,173,686 as the return to which Respondents are entitled,—a "rate of return" of 6.75% on the invested capital.

XXVII.

The Commission erred in failing to adopt at least Respondents' Pro Forma Invested Capital (less the unamortized portion of the old gas sales and purchase contracts) as of December 31, 1941 in the sum of \$75,738,202, as the rate base, and the cost of service thereof, \$5,074,292, as the return to which Respondents are entitled,—a rate of return of 6.69% on such invested capital.

XXVIII.

The Commission erred in the assumption that future increases in net revenues will equal the increases in expenses

since there is no evidence of probative value to sustain such assumption.

XXIX.

The Commission erred in taking into consideration the possibility that Respondents' lines may for a time be operated at a 90% capacity factor without also taking into consideration the additional capital expenditures which [fol. 16951] will be required to permit such operation more than a few months, and the increased unit production cost resulting therefrom.

XXX.

The Commission erred in holding that increased tax burdens must be borne by a regulated utility, and are not to be allowed for in the fixing of Respondents' rates.

XXXI.

The Commission erred in disallowing as an operating expense the amortization of that unamortized portion of the old gas sales and purchase contracts which represent cost to Panhandle Eastern.

· XXXII.

The Commission erred in requiring a reduction of Respondents' rates and charges so as to reflect, when applied to their 1941 transportation and sales, a reduction of not less than \$5,094,384 below their 1941 consolidated gross operating revenue; thus taking from Respondents a large portion of their required cost of service.

XXXIII.

The Commission erred in assuming jurisdiction of respondents' direct sales by taking the proceeds from such sales into consideration in determining the amounts of respondents' profits, and then directing that the excess return so determined [to] reduced through a reduction of the prices and charges for gas sold for resale.

XXXIV.

The Commission erred in failing reasonably to allocate respondents' earnings between regulated sales and unregulated sales.

[fol. 16952]

XXXV.

The Commission erred in failing to consider, in determining either the rate base or the appropriate return, the cost of carrying unused capacity until its use was required, since it was not shown that during the period 1932 to 1937 the earnings of respondent Panhandle Eastern constituted a reasonable return on its invested capital or that such cost was thereafter recouped from excessive earnings.

XXXVI.

The Commission erred in finding that the failure of respondent Panhandle Eastern fully to utilize its capacity during the development period 1932 to 1937 was because of the restraint of its holding company because

- (1) There is no evidence of probative value sufficient to justify the finding.
- (2) The amount of revenues, if any, lost to the company, as a result of such restraint, if any there was, is not made to appear.
- (3) There is no evidence to support the finding that customers along the line were clamoring for service.

Wherefore, Respondents pray that they be granted a rehearing and reconsideration herein, and that the Commission enter an order abrogating and setting aside its order of September 23, 1942 directing a reduction of Respondents' rates.

Respectfully submitted,

PANHANDLE EASTERN PIPE LINE COMPANY,

MICHIGAN GAS TRANSMISSION CORPORATION,

ILLINOIS NATURAL GAS COMPANY

By Glenn W. Clark,
Attorney of Record,
1221 Baltimore Avenue,
Kansas City, Missouri.

[fol. 16953] State of New York, County of New York.

J. D. Creveling, being duly sworn, makes the following statement on oath: that he is the President of Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company, defendants respondents named in the above and foregoing petition; that he has read said motion and that the statements of fact therein contained are true, according to his best knowledge and belief.

J. D. CREVELING,

Subscribed and sworn to before me this 22nd day of October, 1942.

(Notarial Seal)

il) FRANK A. MOYER, Notary Public, New York County, New York. 'Notary Public, Kings Co., N. Y.

Kings Co. Clk's No. 80, Reg. No. 4074 N. Y. Co. Clk's No. 104, Reg. No. 4M79 Commission expires March 30, 1944.

State of New York, County of New York.

Glenn W. Clark, being duly sworn, states on oath that he is an attorney of record for respondents named in the foregoing Petition for Rehearing; that on this 22nd day of October 1942 he has served a copy of said Petition for Rehearing upon an attorney of record for each party to these proceedings by properly addressed U. S. Mail, postage prepaid.

GLENN W. CLARK.

Subscribed and sworn to before me this 22nd day of October, 1942.

(Notarial Seal)

Al) FRANK A. MOYER,
Notary Public, New York County, New York.
Notary Public, Kings Co., N. Y.
Kings Co. Gk's No. 80, Reg. No. 4074
N. Y. Co. Clk's No. 104, Reg. No. 4M79
Commission expires March 30, 1944.

[fol. 16954] (Order of Federal Power Commission denying Petitions for Rehearing and for Stay in Dockets Nos. G-200 and G-207.)

> United States of America, Federal Power Commission.

Commissioners: Basil Manly, Acting Chairman, Claude L. Draper, John W. Scott and Clyde L. Seavey. Leland Olds not participating.

October 30, 1942.

City of Detroit, Michigan and County of Wayne, Michigan Docket No. G-200 vs.

Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation.

In the Matter of

Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company:

Docket No. G-207.

Upon consideration of the petitions filed on October 23, 1942, by Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company, Respondents Defendants in the above-entitled matters, for a rehearing and for stay of the Commission's order reducing rates entered September 23, 1942, pursuant to Opinion No. 80;

The Commission finds that:

No new facts have been presented or alleged in the Respondents Defendants' petitions which would justify a reversal or revision of the Commission's order and opinion, and no principles of law are stated in said petitions which were not fully considered by the Commission before it entered said order and opinion;

Therefore, the Commission orders that:

The said petitions be and the same are hereby denied.

By the Commission.

LEON M. FUQUÂY, Secretary. [fol. 16955] Certification of Transcript of Record Of Federal Power Commission.

In the United States Circuit Court of Appeals for the Eighth Circuit.

Panhandle Eastern Pipe Line Company, a Corporation, Illinois Natural Gas Company, a Corporation, and Michigan Gas Transmission Corporation, a Corporation, Petitioners,

No. 12466 vs.

Federal Power Commission, City of Detroit, County of Wayne, Michigan Consolidated Gas Company, a Corporation, and Michigan Public Service Commission, Respondents.

I, Leon M. Fuquay, Secretary of the Federal Power Commission and official custodian of the records of said Commission, do hereby certify that the attached are true copies of:

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	Transcript of hearing held July 15, 1941	. 1	. 17
	Transcript of hearing held July 16, 1941	. 1	133
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	Complaint of City of Detroit and County of			
	Wayne, Complainants v. Panhandle Eastern			
	Pipe Line Company and Michigan Gas Trans-			
	mission Corporation, Defendants, filed Febru-			
	ary 28, 1941, Federal Power Commission,	*******	40 005	
	Docket No. G-200	XXXIV	16,685	
				A.

•			
	Separate answer of Michigan Gas Transmission Corporation filed March 28, 1941 in Docket No.		
	G-200.	XXXIV	16,692
	Petition of Michigan Public Service Commission for leave to intervene filed March 31, 1941 in Federal Power Commission, Locket No.		
	G-200.	XXXIV ·	16,698
	Separate answer of Panhandle Eastern Pipe Line Company filed April 3, 1941 in Federal Power Commission, Docket G-200.		16,704
2.		XXXIV	10,704
	Order entered June 10, 1941 fixing date of hearing in Federal Power Commission, Docket No. C. 200		16,715
1	G-200.		10,713
	Order entered June 10, 1941 permitting the Michigan Public Service Commission to inter-		:
4	vene in Federal Power Commission, Docket No. G-200.	XXXIV	16,718
	Petition of Panhandle Eastern Pipe Line Com-		
	pany filed June 26, 1941 for continuance of hear-		1
	ing in Docket No. G-200.	XXX!V.	16,719
. /	Concurring petition of Michigan Gas Transmission Corporation filed July 3, 1941 for continu-		
	ance of hearing in Docket No. G-200.	XXXIV	16,727
·)	Objection of City of Detroit and County of Wayne to Defendan's petition for continuance of hearing filed July 3, 1941 in Docket No.		
	G-200.	XXXIV	16,732
g*-	Commission's designation of Trial Examiner.	XXXIV	16,736
	Order entered July 8, 1941 denying petition for continuance of hearing in Docket No. G-200.	XXXIV	16,737
[fol. 169	82] Petition of Michigan Consolidated Gas Company for leave to intervene filed July 10,	•	
	1941 in Docket No. G-200.	XXXIV	16,738
	Order entered July 12, 1941 permitting Michigan Consolidated Gas Company to intervene in		-0
	Docket No. G-200.	XXXIV	16,755
	Answer of Michigan Gas Transmission Corpora- tion to petition of Intervenor, Michigan Con-		
	solidated Gas Company.	XXXIV	16,756
	Answer to Panhandle Eastern Pipe Line Com-		
	pany to petition of Michigan Consolidated Gas		1
	Company, Intervenor, filed August 18, 1941 in Docket No. G-200,	XXXIV	16,762

	Motion to dismiss filed by Panhandle Eastern Pipe Line Company on August 20, 1941 in Docket No. G-200.	XXXIV	10,771
	Motion to dismiss filed by Michigan Gas Trans-		
•	mission Corporation on August 21, 1941 in Docket No. G-200.	xxxiv	16,773
	Commission's order denying motion to dismiss entered September 2, 1941 in Docket No. G-200.	XXXÎV	16,775 .
	Commission's order entered May 22, 1941 instituting investigation in Docket No. G-207.	XXXIV	16,776
	Commission's order entered September 2, 1941 consolidating proceedings for purposes of hearing, Dockets Nos. G-200 and G-207.	XXXIV	16,779
	Petition of Michigan Consolidated Gas Company filed October 1, 1941 requesting the issuance of subpoenas duces tecum in Dockets Nos.		
	G-200 and G-297.	XXXXV	. 16,780
*	Commission's order entered October 3, 1941 authorizing the issuance of subpoenas duces tecum in Dockets Nos. G-200 and G-207.	XXXIV	16,785
	Application of County of Wayne filed December 8, 1941 requesting the issuance of subpoenas duces tecum in Dockets Nos. G-200 and G-207.	XXXIV	⁸ 16,791
[fol. 169	Commission's order entered December 11, 1941 authorizing the issuance of subpoena duces tecum in Docket Nos. G-200 and G-207.	XXXIV	16,795
	Petition of Michigan Consolidated Gas Company filed December 27, 1941 requesting the issuance of subpoenas duces tecum.	XXXIV.	16,797
	Petition of Panhandle Eastern Pipe Line Company filed February 4, 1942 for continuance of hearing.	XXXIV	16,798
	Petition filed by Panhandle Eastern Pipe Line Company on February 9, 1940 requesting change	/ .	1,
	of place of hearing. Objection of City of Detroit and County of Wayne filed Pebruary 11, 1942 to petition for continuance of hearing.	XXXIV	16,807
	Commission's order entered February 17, 1942 denying petition for continuance and changing place of hearing in Docket Nos. G-200 and G-207.	XXXIV	16,811
	The state of the s		

	Petition for continuance of hearing filed by Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation on February 28, 1942.	XXXIV	16,813
-1.0	Commission's order dated March 16, 1942 deny-		
4	ing petition for 120 day postponement and fixing		
	date of hearing in Docket Nos. G-200 and G-207.	XXXIV	16,832
•	Commission's order entered March 26, 1942 enlarging investigation and making Illinois Natural Gas Company a party respondent in proceeding designated Docket No. G-207.	XXXIV	16,834
7 11.	Copy of subpoena (ad testificandum) served upon W. G. Maguire.	xxxiv	16,837
	Motion of Commission Counsel filed April 27, 1942, praying that the Commission enter an immediate order fixing just and reasonable		
	rates.	XXXIV	16,839
	Motion filed by Michigan Consolidated Gas Company on April 27, 1942 praying that the		
	Commission enter an immediate order reducing rates.	XXXIV	16,849
	Motion filed by City of Detroit and County of Wayne on April 27, 1942 praying that the Commission enter an immediate order reducing		
	rates.	XXXIV	16,852
[fol. 16			
. "."	ducing rates filed by Michigan Consolidated Gas Company on April 28, 1942.	XXXIV •	16,860
·	Stipulation of counsel for the various parties		
	and Commission Counsel consenting to with- drawal of Commission Counsel's motion for	•	
	immediate order reducing rates filed May 11, 1942.	xxxiv	16,881
1.	Motion for immediate order reducing rates filed by Commission Counsel on May 11, 1942.		16,882
. /	Federal Power Commission Opinion No. 80 in City of Detroit, Michigan and County of		
	Wayne, Michigan v. Panhandle Eastern Pipe Line Company and Michigan Gas Transmission		*
. 0	Corporation, Docket No. G-200 and in the mat-		•
	ter of Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and		
	Illinois Natural Gas Company, Docket No.		
	. G-207 and order reducing rates.	XXXIV	16,892

Petition of Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation		
and Illinois Natural Gas Company filed Octo		6.
ber 9, 1942 requesting an extension of time		
within which to file new schedules of rates and		
charges.	XXXIV	16,933
Commission's order of October 12, 1942 grant ing extensions of time to Panhandle Eastern		
Pipe Line Company, Michigan Gas Transmis sion Corporation and Illinois Natural Gas Com		
pany to file new schedules of rates and charges		16,938
Petition of Panhandle Eastern Pipe Line Com		
pany, Michigan Gas Transmission Corporation		
and Illinois Natural Gas Company filed Octo		
ber 23, 1942 for stay of the Commission's order		
of September 23, 1942.	XXXIV	16,940
Petitics of Panhandle Eastern Pipe Line Com		
pany, Michigan Gas Transmission Corporation		
and Illinois. Natural Gas Company filed Octo		
ber 23, 1942 requesting a rehearing in Docket	t	
Nos. G-200 and G-207.	XXXIV	16,944
	Q	*

[fol. 16985] All of which constitute the record of the Federal Power Commission in City of Detroit, Michigan and County of Wayne, Michigan vs. Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation, Docket No. G-200 and in the matter of Panhandle Eastern Pipe Line Company, Michigan Gas Transmission Corporation and Illinois Natural Gas Company, Docket No. G-207.

Commission's order of October 30, 1942 denying petitions for rehearing and for stay in

Dockets Nos. G-200 and G-207.

(Seal Federal Power Com. U. S. A.)

In Witness Whereof, I hereunto subscribed my hand and cause the m. seal of the Federal Power Commission to be affixed this 20th day of January 1943 at Washington, D. C.

> LEON M. FUQUAY, Secretary.

Filed Feb. 6, 1943, E. E. Koch, Clerk.

[fol. 16986] (Order of United States Circuit Court of Appeals directing Respondents to Show Cause why Petition for stay of Rate Order should not be granted.)

United States Circuit Court of Appeals, Eighth Circuit.

November Term, 1942. Monday, November 2, 1942.

No. 12,466.

Panhandle Eastern Pipe Line Company, a Corporation, Illinois Natural Gas Company, a Corporation, and Michigan Gas Transmission Corporation, a Corporation, Petitioners,

A VS

Federal Power Commission, City of Detroit, County of Wayne, Michigan Consolidated Gas Company, a Corporation, and Michigan Public Service Commission.

This cause this day came on for hearing before the Court upon the Petition of Panhandle Eastern Pipe Line Company, Illinois Natural Gas Company, and Michigan Gas Transmission Corporation for a stay, pending review, of a Rate Order of the Federal Power Commission. The petition is presented to the Court by Mr. D. H. Culton, attorney for petitioners, and counsel for respondents not being notified of the filing and presentation thereof, It is Ordered that the respondents above named, and each of them, show cause before this Court on Saturday, November 14, 1942, at ten o'clock in the forenoon in the United States Court House in the City of St. Louis, Missouri, why the petition for an order should not be granted staying the operation of the order of the Commission dated September 23, 1942, pending the preparation and filing by. petitioner in this Court with the time prescribed by the Natural Gas Act of their petition for review, and pending the review of said order by this Court.

And it is further Ordered by this Court that pending the disposition of this order to show cause the enforcement of the said order of the Federal Power Commission is hereby suspended.

A copy of this order and of the aforesaid petition shall be transmitted to counsel for the respective parties.

November 2, 1942.

[fol. 16987] (Order of United States Circuit Court of Appeals Denying Petition for Stay of Operation of Rate Order Without Prejudice, etc.)

United States Circuit Court of Appeals, Eighth Circuit.

November Term, 1942

Saturday, November 14, 1942.

Panhandle Eastern Pipe Line Company, a Corporation, Illinois Natural Gas Company, a Corporation, and Michigan Gas Transmission Corporation, a Corporation, Petitioners.

No. 12466. vs.

Federal Power Commission, City of Detroit, County of Wayne, Michigan Consolidated Gas Company, a Corporation, and Michigan Public Service Commission.

Order was entered by this Court on November 2, 1942, directed at the above named respondents to show cause why the petition should not be granted for an order staying the operation of the rate order of the Federal Power Commission dated September 23, 1942, pending the filing by petitioners in this Court of their petition to review and pending the review of said order. Said order to show cause was made returnable this day and response of the Federal Power Commission and answer of the Michigan Consolidated Gas Company have been filed.

Following counsel have presented oral argument:

For Petitioner: Mr. D. H. Culton.

For Respondents: Federal Power Commission, Mr. Harry S. Littman, Senior Attorney, County of Wayne, Mr. Harold Goodman, City of Detroit, Mr. James H. Lee, As-

sistant Corporation Counsel. Michigan Consolidated Gas Company, Mr. Park Chamberlain.

After hearing counsel and having considered the various matters and the Court being fully advised, It is ordered by the Court that said petition for stay be, and is hereby, denied without prejudice to the filing of a petition for the same or similar relief after petition for review of the order of the Federal Power Commission has been filed and the review docketed in this Court.

November 14, 1942.

[fol. 16988] (Order of United States Circuit Court of Appeals Granting Stay Pending Further Hearing of Application Therefor.)

United States Circuit Court of Appeals, Eighth Circuit.

November Term, 1942.

Monday, November 23, 1942.

Panhandle Eastern Pipe Line Company, a Corporation, et al., Petitioners,

No. 12,466. vs.

Federal Power Commission, et al., Respondents.

This comes before the Court on the application of petitioners for stay order pending disposition of their petition to review and set aside the order of the Federal Power Commission, and the Court being advised,

It is Ordered that such stay be granted as of this date until there can be further hearing upon and determination of such application—hearing being set for Saturday, November 28, 1942.

November 23, 1942.

[fol. 16989] (Order of United States Circuit Court of Appeals Granting Stay of Order of Federal Power Commission Dated September 23, 1942, Requiring Reduction in Rates and Charges for Gas Furnished by Petitioners, etc.)

United States Circuit Court of Appeals, Eighth Circuit.

November Term, 1942.

Monday, December 7, 1942.

Panhandle Eastern Pipe Line Company, a Corporation, et al., Petitioners, No. 12,466. vs.

Federal Power Commission, et al., Respondents.

This matter comes before the Court upon the petition of petitioners for an order of stay of the order of the Federal Power Commission, dated September 23, 1942, requiring reduction in rates and charges for gas furnished by petitioners; the pleadings filed thereto; the reply of the petitioners; various memoranda presented by the parties; and oral presentation by Mr. Glenn W. Clark and Mr. D. H. Culton for petitioners, Mr. Harry S. Littman for the Commission, Mr. Harold Goodman for Wayne County, Mr. James H. Lee for the City of Detroit, and Mr. Park Chamberlain for Michigan Consolidated Gas Company.

Until further order of this Court, the above order of the Federal Power Commission is stayed upon the conditions following:

1. The monthly difference between payments to petitioners under existing rates or arrangements and those required under the order of the Commission shall be promptly paid over to John G. Hughes of Kansas Oity, Missouri, as the custodian of this Court, not later than the twenty-fifth of the succeeding month, to be held by him for the benefit of the ultimate consumers or of petitioners as in this litigation may be determined entitled thereto. Such

payments for months prior to this order shall be made by December 15, 1942. Triplicate receipts for each of such payments shall be given petitioners by the custodian, one of which shall be promptly filed, by petitioners, with the Clerk of this Court and one with the Federal Power Commission.

[fol. 16990] 2. The entire expenses of impounding (including, among other things, protecting, investing and distributing to petitioners or to ultimate consumers) of these funds shall be borne by petitioners. Whether any earnings on such funds (while so impounded) may be applied upon such expenses is reserved for future determination. When and as required by orders of this Court, petitioners shall pay to the custodian such expense money, upon triplicate receipts, which shall be filed as above.

- 3. No interest shall be charged petitioners upon such impounded funds unless allowed upon application hereafter made by respondents or any of them. Such future applications may be made only (a) if and when petitioners fail to be ready to present this review upon the merits on May 14, 1943 (as set for hearing by a separate order entered as of this date), or (b) if and when this Court shall enter its decree or order sustaining the above order of the Commission and shall deny any petition for rehearing which may be filed thereto. Any interest allowed hereafter shall be at the rate of four percentum annually from the date of such allowance or thereafter as required by any orders of allowance.
- 4. Full power and jurisdiction is reserved to cancel or modify this order and to enter any other orders (with or without application of the parties) to protect or to promote the rights and interests of the parties to his litigation and of the ultimate consumers financially interested in the impounded funds.

It is further Ordered that the Clerk of this Court is directed to transmit a copy of this order to each of the parties to this proceeding or to their above counsel.

December 7, 1942.

[fol. 16991] (Order of United States Circuit Court of Appeals Appointing John G. Hughes as Custodian of Funds to be Impounded Under Provisions of Stay Order.)

United States Circuit Court of Appeals, Eighth Circuit.

November Term, 1942,

Monday, December 7, 1942.

Panhandle Eastern Pipe Line Company, a Corporation, et al., Petitioners,

No. 12,466. vs.

Federal Power Commission, et al., Respondents.

It is Ordered that Mr. John G. Hughes, of Kansas City, Missouri, is hereby appointed an officer of this Court for the purposes of acting as Custodian of the funds to be impounded under the provisions of an order of stay (entered at this time). He shall qualify by filing with the Clerk of this Court a bond in the sum of One Hundred Thousand (\$100,000.00) Dollars, to be approved by any Judge of this Court. Upon order of this Court, the premium for such bond shall be paid by petitioners as an expense of this review proceeding. All expenditures of the Custodian allowed by this Court and any compensation so allowed him shall (upon order of this Court), be paid by petitioners as expenses of this proceeding.

Quarterly (beginning March 31, 1943), such Custodian shall file reports of his receipts, expenditures and disposition of funds on hand and shall make any other reports as required by this Quart.

He shall pay out no money except upon the order of this Court and all bank deposits (herein provided for) made by him shall be subject to this provision. As money is received by the Custodian, he shall promptly deposit the same in either the Commerce Trust Company or the First National Bank (both of Kansas City, Missouri) or in both of such banks.

The Custodian or any party to this review proceeding may, at any time, call to the attention of this Court any

action or lack of action by the Custodian, by any party to this proceeding or by any one which might tend to defeat the purpose of this Court to collect, impound and eventual-Iv distribute the difference in rates or charges under existing contracts or arrangements of petitioners and in rates or charges under the order of the Federal Power Commission involved in this review proceeding.

It is further Ordered that the Clerk of this Court is directed to transmit a copy of this order to each of the parties to this proceeding or to their counsel.

December 7, 1942.

[fol. 16992] (Order of United States Circuit Court of Appeals as to form of record to be printed and fixing time for filing Designations therefor.)

> . United States Circuit Court of Appeals, Eighth Circuit.

> > November Term, 1942.

Monday, December 7, 1942.

Panhandle Eastern Pipe Line Company, a Corporation, et al., Petitioners, No. 12,466. vs.

Federal Power Commission, et al., Respondents.

This matter comes before the Court upon the oral request of counsel for petitioners and for the respondent Federal Power Commission as to the form of condensation of the evidence taken before the Commission for printing in this The Court having heard the views of review proceeding. such counsel and being advised thereby as to the situation,

It is Ordered:

That the evidence to be printed for presentation of this review proceeding be determined as follows: to designate such portions of the evidence as they desire printed, in question and answer form, and serve identifying. notice of such designations upon respondents on or before

January 15, 1943; that, within thirty (30) days after receipt of such designations, respondents designate such additional portions of the evidence as they desire included and serve identifying notice thereof upon petitioners; that the portions thus designated by the parties be printed as one transcript and in the order in which the evidence so designated appears in the typewritten transcript.

December 7, 1942.

[fol. 16993] (Order of United States Circuit Court of Appeals Instructing Custodian as to Manner of Handling Funds and Securities in his Possession.)

United States Circuit Court of Appeals, Eighth Circuit.

.. November Term, 1942.

Saturday, December 12, 1942.

Panhandle Eastern Pipe Line Company, a Corporation, et al., Petitioners,

No. 12,466. vs.

Federal Power Commission, et al., Respondents.

On Application presented to this Court on this 11th day of December, 1942, by John G. Hughes (appointed on December 7, 1942, as an officer of this Court for the purpose of acting as Custodian of the funds to be impounded under the provisions of an Order of Stay entered on the same date) for an order of this Court instructing him with respect to the manner in which he shall properly handle and safeguard any and all securities which he may from time to time purchase and come into possession of, as such Custodian, pursuant to orders of this Court in this proceeding,

It is Ordered:

(1) That when and as such Cu 'odian shall purchase and come into possession of any securities, pursuant to the order of this Court in this proceeding, he shall forthwith deposit the same with the Federal Reserve Bank of Kansas City, at its office in Kansas City, Missouri, said bank to hold said securities in safekeeping subject solely to the order and direction of this Court, and no securities so deposited shall be withdrawn except/upon specific order of this Court.

(2) That such Custodian, in anticipation of the purchase and deposit, as aforesaid, of securities, shall deliver promptly to the Federal Reserve Bank of Kansas City, Missouri certified copies of the Order of this Court dated December 7, 1942, appointing him an officer of this Court, the Order of Stay entered by this Court on December 7, 1942, in this proceeding, this Order, and, from time to time [fol. 16994] as entered, any order of this Court authorizing such Custodian to invest funds impounded by such Custodian in securities or authorizing withdrawal thereof from the custody of such Federal Reserve Bank or otherwise effecting the custody thereof by it.

December 12, 1942.

[fol. 16995] (Order of United States Circuit Court of Appeals, authorizing Custodian to purchase certain securities as investments.)

November Term, A. D. 1942.

Saturday, December 12, 1942.

On application presented to this Court on the 11th day of December, 1942, by John G. Hughes (appointed on December 7, 1942, as an officer of this Court for the purpose of acting as Custodian of the funds to be impounded under the provisions of an Order of Stay entered in this proceeding on December 7, 1942) for an order of this Court authorizing him, as Custodian, to place his order for Seven-eighths Per Cent Treasury Certificates of Indebtedness of Series E-1943 in an amount not to exceed \$2,000,000.00, par value, plus accrued interest, if any, and to purchase said securities up to that amount when and as he receives sufficient payments from petitioners,

It is Ordered:

That John G. Hughes of Kansas City, Missouri, appointed on December 7, 1942, as Custodian of the funds to be impounded under the provisions of an Order of Stay entered in this proceeding on the same date, is hereby authorized to place his order, as Custodian, for the above described securities, dated and bearing interest from December 1, 1942 and due December 1, 1943, in an

amount not to exceed \$2,000,000.00, par value, plus accrued interest, if any, such order for securities to be subject to no premium or penalties except accrued interest.

It is further Ordered that such Custodian is hereby authorized to purchase from time to time and pay for such portions of the securities so ordered as and when the [fol. 16996] funds then paid to him for impoundment by petitioners will allow, payments therefor by him to be made from his bank Account Number 1.

December 12, 1942,

[fol. 16997] (Order of United States Circuit Court of Appeals directing Petitioners to pay to Custodian certain sums to fover Bond Premium, etc.)

> November Term, A. D. 1942. Saturday, December 12, 1942.

On application presented to this Court on this 11th day of December, 1942, by John G. Hughes (appointed on December 7, 1942, as an officer of this Court for the purpose of acting as Custodian of the funds to be impounded under the provisions of an Order of Stay entered on December 7, 1942) for an order of this Court (1) directing Petitioners in this proceeding to pay to such Custodian the sum of \$1,100.00 required to pay the premium of the Custodian's bond and for anticipated general expenses of the Custodian, (2) fixing and requiring Petitioners to pay the Custodian's monthly compensation, and (3) authorizing the Custodian to expend such amounts for the purposes required in his application,

It is Ordered:

- 1. That Petitioners (or any one of them) promptly pay to such Custodian the sum of \$1,000.00 which amount the Custodian is hereby ordered to pay to R. B. Jones & Sons, Inc., as the premium for the Custodian's bond, which was approved by this Court on December 10, 1942, such payment to be made from his bank Account Number 2.
- 2. That Petitioners (or any one of them) promptly pay to such Custodian the sum of \$100.00, to be used by the Custodian as a general expense fund, he being hereby

authorized to expend so much of said sum, from time to [fol. 16998] time as may be necessary to cover his general expenses in carrying out his duties as Custodian, such expenditures to be made from his bank Account Number 2.

3. That the compensation of such Custodian is hereby fixed at \$200.00 per month and Petitioners (or any one of them) are hereby ordered and directed, until further order of this Court, to pay to John G. Hughes of Kansas City, Missouri, as the Custodian appointed by this Court, on or before the last day of December, 1942, and on and before the last day of each succeeding month, the sum of \$200.00. The Custodian is hereby authorized, until further order of this Court, to pay to himself, individually, from his bank Account Number 2, as Custodian of this Court, the amount of \$200.00 per month as his compensation for performing the duties of Custodian.

December 12, 1942.

[fol. 16999] Order of United States Circuit Court of Appeals requiring Custodian to set up Account No. 1 and Account No. 2, etc.)

November Term, A. D. 1942.

Saturday, December 12, 1942.

Under the provisions of the Stay Order of December 7, 1942, it was provided that described funds should be paid by petitioners to John G. Hughes, as Custodian, for impoundment, and it was further provided therein that petitioners should, as and when ordered by this Court, pay to the Custodian money needed for expenditures by the Custodian for his compensation and for other expenses; also, in the order of December 7, 1942, appointing John G. Hughes as Custodian, it was provided that he should promptly deposit all receipts in designated banks. For the purpose of securing entire separation of such receipts for and payments from impoundments and such receipts for and payments from expenses, until further order of this Court,

It is Ordered that the Custodian shall open and keep two separate deposit accounts in said banks or bank to

be designated as "Account Number 1" and "Account Number 2". In Account Number 1 shall be deposited receipts of payments to be impounded and any earnings thereon of accumulations thereof; in Account Number 2 shall be deposited receipts of payments for expenses.

It is further Ordered that no payment or expenditure of money shall be made by the Custodian except by check upon the appropriate account; and that all checks drawn by the Custodian shall state, upon the face thereof, the account upon which drawn and the date of the order of this Court authorizing the expenditure for which the check is drawn.

It is further Ordered that the Custodian keep such books [fol. 17000] of account and office files as will faithfully and clearly reflect each and all receipts and expenditures and transactions by him as Custodian.

December 12, 1942:

[fol. 1700] (Order of United States Circuit Court of Appeals authorizing Custodian to purchase certain Securities, etc.)

January Term, A. D. 1943.

Tuesday, February 23, 1943.

On Application presented to this Court on the 23rd day of February, 1943, by John G. Hughes (appointed on December 7, 1942, as an officer of this Court for the purpose of acting as Custodian of the funds to be impounded under the provisions of an Order of Stay entered in this proceeding on December 7, 1942) for an order of this Court authorizing and directing him, as Custodian, to purchase Treasury Tax Savings Notes, Tax Series C, with Funds to be received by him from Petitioners in February and March of 1943 and available for investments in addition to those heretofore authorized by this Court,

It is Ordered:

That John G. Hughes of Kansas City, Missouri, appointed on December 7, 1942, as Custodian of the funds to be impounded under the provisions of an Order of Stay entered in this proceeding on the same date, is hereby

authorized and instructed to purchase United States of America Treasury Tax Savings Notes, Tax Series C, with that portion of those funds to be paid to him for impoundment by Petitioners on or before February 25, 1943 (estimated to be approximately Six Hundred Seventy Five Thousand (\$675,000.00) Dollars, over and above approximately Two Hundred Eighty One Thousand Six Hundred (\$281,600.00) Dollars required to take up the unpaid balance of the Seventh-eighths Per Cent Treasury Certifi-[fol. 17002] cates of Indebtedness of Series E-1943 ordered for purchase by the Custodian pursuant to Order of this Court, dated December 12, 1942, and with all or substantially all of the funds to be so paid to him on or before March 25 [1942] payments for such notes to be made from his bank account Number 1.

It is further ordered that upon the purchase of such securities by the Custodian, he immediately deposit the same with the Federal Reserve Bank of Kansas City at its office in Kansas City, Missouri, in accordance with this Court's Order, dated December 12; 1942, instructing the Custodian with respect to the manner in which to properly handle and safeguard securities which he may from time to time purchase or come into possession of as such Custodian.

February 23rd, 1943.

[fol. 17003] (Stipulation that coloring matter appearing on certain Exhibits may be omitted from copies inserted in printed record, etc.)

> United States Circuit Court of Appeals Eighth Circuit

Panhandle Eastern Pipe Line Company, a corporation, et al., Petitioners, 12,466 vs.

No. 12,466

Federal Power Commission, et al., Respondents.

It is stipulated between Petitioners and Respondents as follows:

1. In preparation of the printed record, it shall be unnecessary to color the various charts incorporated in Exhibits Nos. 63, 64 and 253. If the charts without further designation, are not clear, it will be permissible to cross-hatch, dot, or otherwise distinguish different blocks.

2. Since the Commission did not incorporate in the record the rate schedules referred to in Exhibit No. 264, it will be permissible for Petitioners to furnish the Clerk, for incorporation in the printed record, Schedule 12 and Supplement No. 2 to Schedule 12, described in Petitioners' designation.

GLENN W. CLARK, D. H. CULTON.

Attorneys for Petitioners.

HARRY S. LITTMAN,

Attorney for Federal Power Commission.

JAMES H. LEE,

Attorney for City of Detroit.

HAROLD GOODMAN,

Attorney for County of Wayne.

- PARK CHAMBERLAIN,

Attorney for Michigan Consolidated Gas Company.

JAMES W. WILLIAMS,

Attorney for Michigan Public Service Commission.

(Endorsed): No. 12,466. Filed in U. S. Circust Court of Appeals on March 25, 1943.

[fol. 7193] (Appearance of Mr. D. H. Culton as Counsel for Petitioners.)

The Clerk will enter my appearance as Counsel for the Petitioners.

D. H. CULTON.

(Endorsed): Filed in U. S. Circuit Court of Appeals, Nov. 14, 1942.

(Appearance of Mr. Glenn W. Clark as Counsel for Petitioners.)

The Clerk will enter my appearance as Counsel for the Petitioners.

GLENN W. CLARK

(Endorsed): Filed in U. S. Circuit Court of Appeals, Nov. 14, 1942.

[fol. 7194] (Appearance of Mr. Robert J. Bulkley as Counsel for Petitioners.)

The Clerk will enter my appearance as Counsel for the Petitioners.

ROBERT J. BULKLEY.

(Endorsed): Filed in U. S. Circuit Court of Appeals, May 14, 1943.

(Appearance of Mr. Arthur G. Logan as Counsel for Petitioners.)

The Clerk will enter my appearance as Counsel for the Petitioners.

ARTHUR G. LOGAN

(Endorsed) Filed in U. S. Circuit Court of Appeals, May 14, 1943.

[fol. 7195] Appearance of Mr. John S. L. Yost as Counsel for Petitioners.)

The Clerk will enter my appearance as Counsel for the Petitioners.

JOHN S. A., YOST. .

(Endorsed): Filed in U. S. Circuit Court of Appeals, Mar. 13: 1944.

(Appearance of Mr. Charles V. Shannon and Mr. Harry S. Littman as Counsel for Respondent, Federal Power Commission.)

The Clerk will enter my appearance as Counsel for the Respondent, Federal Power Commission.

CHARLES V. SHANNON, Assistant General Counsel.

HARRY S. LITTMAN,

Senior Attorney.

(Endorsed): Filed in U. S. Circuit Court of Appeals, Nov. 14, 1942.

[fol. 7196] (Appearance of Mr. James H. Lee as Counsel for Respondent, City of Detroit.)

The Clerk will enter my appearance as Counsel for the City of Detroit, Respondent.

JAMES H. LEE,

Assistant Corporation Counsel, City of Detroit, 301 City Hall Bldg., Detroit, Michigan.

(Endorsed): Filed in U. S. Circuit Court of Appeals, Nov. 14, 1942.

(Appearance of Mr. Harold Goodman as Counsel for Respondent, County of Wayne.)

The Clerk will enter my appearance as Counsel for the respondent, County of Wayne.

HAROLD GOODMAN, 526 Dime Bank Bldg., Detroit, Mich.

(Endorsed): Filed in U. S. Circuit Court of Appeals, Nov. 14, 1942. [fol. 7197] (Appearance of Mr. Park Chamberlain as Counsel for Respondent, Michigan Consolidated Gas Company)

The Clerk will enter my appearance as Counsel for the Respondent, Michigan Consolidated Gas Company.

PARK CHAMBERLAIN.

(Endorsed): Filed in U. S. Circuit Court of Appeals,

(Appearance of Mr. James W. Williams as Counsel for Respondent, Michigan Public Service Commission.)

The Clerk will enter my appearance as Counsel for the Respondent, Michigan Public Service Commission.

JAMES W. WILLIAMS, 502 State Office Bldg. Lansing, Michigan.

(Endorsed): Filed in U. S. Circuit Court of Appeals, Dec. 19, 1942.

[fol. 7198] (Appearance of Mr. Henry A. Montgomery as Counsel for Respondents.)

The Clerk will enter my appearance as Counsel for the Respondents.

HENRY A. MONTGOMERY.

(Endorsed): Filed in U. S. Circuit Court of Appeals, Apr. 28, 1943.

(Appearance of Mr. A.V. McRee as Counsel for / Respondents.)

The Clerk will enter my appearance as Counsel for the Respondents.

A. V. McREE, 415 Clifford Street, Detroit, Michigan.

(Endorsed): Filed in U. S. Circuit Court of Appeals, May 1, 1943.

[fol. 7199]

(Order of Submission.)

May Term, 1943.

Friday, May 14, 1943.

This cause having been called in its regular order, upon application of counsel for the respective parties in open Court, the time for oral argument was enlarged and permission granted for oral argument by more that two counse Con each side. Oral argument was made by Mr. D. H. Culton, Mr. Robert J. Bulkley and Mr. Arthur G. Logan for petitioners, and by Mr. Harry S. Littman, Principal Attorney Federal Power Commission, and Mr. Harold Goodman, Special Assistant Prosecuting Attorney for Wayne County, Michigan, for respondents.

Thereupon, this cause was submitted to the Court on the printed record and briefs of counsel filed herein.

[fol. 7200] (Order for Resubmission of Case to United States Circuit Court of Appeals.)

January Term, 1944.

Wednesday, January 12, 1944.

The case above entitled was argued and submitted to this Court at the May, 1943, Term at St. Paul, Minnesota. Decision was deferred pending a determination by the Supreme Court of the United States of the cases of Federal Power Commission, City of Akron and Pennsylvania Public, Utility Commission vs. Hope Natural Gas Company; and City of Cleveland vs. Hope Natural Gas Company. Those cases have now been decided by that court. In view of the opinion of the Supreme Court in those cases, the division of this Court which heard this case considers that it is desirable that the case be resubmitted upon supplemental briefs and argument.

It is therefore ordered that the petitioners shall have until February 15, 1944, to file supplemental brief or briefs, that the respondents shall have until March 6, 1944, to file answering briefs, and that the petitioners shall have until March 16 1944, to reply thereto. It is further ordered that this case be set down for argument on March 17, 1944, at Kansas City, Missouri, before the same division of this Court to which it was originally submitted.

January 12, 1944.

[fol. 7201] (Order resetting case for argument at Kansas City, Mo., on March 13, 1944.)

January Term, 1944.

Thursday, January 27, 1944.

This cause has heretofore been set down for argument on March 17, 1944, at Kansas City, Missouri, and it now appearing that the date of hearing should be changed, the case is now set for argument on Monday, March 13th, 1944, at Kansas City, Missouri, at ten o'clock in the forenoon. Briefs may be filed within the times provided for in the Order made by this Court January 12, 1944.

January 27, 1944.

[fol. 7202] (Order of Resubmission.)

March Term, 1944.

Monday, March 13, 1944.

This cause came on this day for reargument, in pursuance of the orders heretofore entered by this Court, and after hearing Mr. D. H. Culton for petitioners, Mr. Harry S. Littman, Assistant General Counsel, Féderal Rower Commission, for respondent, Mr. Harold Goodman, Special Assistant Prosecuting Attorney, for respondent Wayne County, Michigan, and Mr. John S. L. Yost for petitioners, this cause is thereupon taken by the Court as resubmitted on the record and briefs filed herein. Leave granted to respondent Federal Power Commission to hereafter file memorandum in response to petitioners' reply brief on reargument.

[fol. 7203]

(Opinion.)

United States Circuit Court of Appeals
*Eighth Circuit.

No. 12,466

Panhandle Eastern Pipe Line Company, a corporation, Illinois Natural Gas Company, a corporation, and Michigan Gas Transmission Corporation, a corporation,

Petitioners,

V8.

Federal Power Commission, City of Detroit, Michigan, County of Wayne, Michigan, Michigan Consolidated Gas Company, a corporation, and Michigan Public Service Commission, Respondents. On Petition to Review and Set Aside Order of Federal Power Commission.

[June 6, 1944]

- Mr. D. H. Culton, Mr. Robert J. Bulkley, Mr. Arthur G. Logan, and Mr. John S. L. Yost (with whom Mr. Glenn W. Clark and Mr. Ira Lloyd Letts were on the briefs) for petitioners.
- Mr. Harry S. Littman, Assistant General Counsel, Federal Power Commission, and Mr. Harold Goodman, Special Assistant Prosecuting Attorney, County of Wayne, Michigan, (with whom Mr. Charles V. Shannon, Gen-

eral Counsel, Federal Power Commission, Mr. Robert L. Russell, Attorney, Federal Power Commission, Mr. Paul E. Krause, Corporation Counsel, City of Detroit, Michigan, Mr. James H. Lee, Assistant Corporation Counsel, City of Detroit, Michigan, Mr. William E. Dowling, Prosecuting Attorney, County of Wayne, Michigan, and Mr. Park Chamberlain, Mr. Henry A. Montgomery and Mr. A. V. McRee, counsel for respondent Michigan Consolidated Gas Company, were on the briefs) for respondents.

Before Sanborn, Woodrough, and Riddick, Circuit Judges.

SANBORN, Circuit Judge, delivered the opinion of the Court.

The petitioners, pursuant to \$19(b), of the Natural Gas. Act,1 seek a review and reversal of an interim rate reduction order made by the Federal Power Commission on September 23, 1942. The case was argued and submitted at the May, 1943, term of this Court. Decision was deferred awaiting the determination by the Supreme Court of the United States of the cases of Federal Power Commission, et al. v. Hope Natural Gas Company, and City of Cleveland v. Hope Natural Gas Company. After the opinion in those cases was rendered (January 3, 1944, 320 U.S. 591) a resubmission of the instant case at the March, 1944, term of this Court, upon supplemental briefs and a reargument, was ordered, so that we might have the benefit of the views of counsel as to the impact of the opinion of the Supreme Court in the Hope Natural Gas Company cases upon the questions here involved;

The petitioners are Panhaudle Eastern Pipe Line Company and its wholly owned subsidiaries, Illinois Natural Gas Company and Michigan Gas Transmission Corpora-

Act of June 21, 1938, c. 556, 52 Stat. 821, 831; 15 U.S.C.A. \$717r(b).

tion. Their separate holdings constitute a single system for the gathering, transportation, and sale of natural gas, and appropriately may be regarded and referred to asthough jointly owned and operated by the petitioners. The respondents are Federal Power Commission, City of Detroit, Michigan, County of Wayne, Michigan, Michigan Consolidated Gas Company, and Michigan Public Service Commission.

The petitioners gather, through production and purchase, natural gas in the Amarillo gas field of the Texas Panhandle and in the Hugoton gas field in southwestern Kansas. This gas is transported to markets through a main transmission pipeline which extends for a distance of about 860 miles from a point in Moore County, Texas, across the states of Oklahoma, Kansas, Missouri and Illinois, to a point near Dana, Indiana, close to the Illinois-Indiana boundary, where the line connects with a transmission pipeline extending from Dana, Indiana, to a point near Zionsville, Indiana, where the line branches. One branch runs to Detroit, Michigan, and the other to Muncie, Indiana. Lateral pipelines extend from petitioners' main transmission line in Illinois. Through their system of pipelines, natural gas is marketed by the petitioners, mainly for resale, in Texas, Kansas, Missouri, Illinois, Indiana, Michigan, and Ohio. The petitioners serve more than 200 communities and upwards of 700,000 consumers of was and have the longest natural gas pipeline in existence.

On February 28, 1941, the City of Detroit and the County of Wayne, Michigan, filed a petition with the Federal Power Commission, asserting that the rates and charges of petitioners Panhandle Eastern Pipe Line Company and Michigan Gas Transmission Corporation for natural gas sold to Michigan Consolidated Gas Company, for resale in that City and County, were unjust, unreasonable and unduly discriminatory. On May 22, 1941, the Commission, of

its own motion, instituted an investigation of the wholesale rates and charges of those two petitioners for natural gas. The investigation was later enlarged to include the Illinois Natural Gas Company. The two proceedings before the Commission, known as Docket No. G-200 and Docket No. G-207, were consolidated for hearing. The Michigan Consolidated Gas Company and the Michigan Public Service Commission were permitted to intervene. The hearing was begun on July 15, 1941, before a trial examiner, and continued from time to time thereafter until April 23, 1942. More than 10,000 pages of testimony was taken, and more than 250 exhibits were received in evidence.

On April 23, 1942, the trial examiner adjourned the hearing pending the disposition of motions filed by counsel for the Federal Power Commission and by the City of Detroit, the County of Wayne, and Michigan Consolidated Gas Company for an interim order directing a reduction of petitioners' rates pending further hearing and investigation. It appears that the complainants before the Commission were contending that petitioners' rates should immediately be reduced by \$6,800,479 per annum, and that counsel for the Commission and the Michigan Consolidated Gas Company were urging a rate reduction of approximately \$5,500,000 per annum.

The Commission filed its opinion on September 23, 1942. It took the year 1941 as the appropriate test period. It found that the "Actual Cost of Gas Plant in Service at

²In describing the hearing, the Commission in its opinion states:

[&]quot;The complainants [City of Detroit and County of Wayne, Michigan] offered one witness in support of their petition. The respondents [petitioners in this Court] offered 24 witnesses who presented a complete rate case including, among other matters, evidence of operations, revenues, expenses, book cost and original cost of their properties, going concern value, working capital, gas reserves, depreciation, rate of return, future capital expenditures and allocation of costs. Counsel for the Commission called 5 witnesses whose testimony related principally to depreciation, a write-up, historical earnings on average net investment, working capital, rate of return, and allocation of costs. The interveners [Michigan Public Service Commission and Michigan Consolidated Gas. Company] presented no witnesses. The witnesses were tendered to all parties for cross-examination and full opportunity was given to present rebuttal evidence."

December 31, 1941," was \$78,814,292; that accrued depreciation was \$12,596,987; that the actual cost less accrued depreciation was \$66,217,305. To this amount the Commission added \$920,000 for working capital; and this produced a rate base of \$67,137,305. The Commission determined that a fair annual rate of return was 6½% of that amount, or \$4,363,926; that the net operating revenue of petitioners for 1941 ("Available for Return") was \$9,458,309, which was \$5,094,384 in excess of the return found by the Commission to be reasonable. The Commission concluded that to that extent the rates and charges of petitioners were unjust, unreasonable, unlawful, and violative of the provisions of the Natural Gas Act. The order of the Commission, filed September 23, 1942, required that:

"The rates and charges made, demanded, or received by the respondents [petitioners] here] for or in connection with their transportation and sale of natural gas in interstate commerce for resale for ultimate public consumption shall be so reduced as to reflect, when applied to respondents' [petitioners'] 1941 transportation and sales, a reduction of not less than \$5,094,384 per annum below their 1941 consolidated gross operating revenues of \$17,789,573;

The petitioners contend that the order of the Commission is invalid because: (1) The trial examiner excluded relevant and material evidence of the value of their property; (2) the Commission erred in assuming jurisdiction over the petitioners' production and gathering of natural gas; (3) the Commission erred in assuming jurisdiction over the petitioners' revenues from direct sales of gas to customers for their own use; (4) the return allowed by the Commission is unjust, unreasonable and confiscatory.

These contentions will be considered in their order.

1

The petitioners state that the evidence offered by them and rejected by the trial examiner showed that the present

reproduction or replacement cost of Panhandle Eastern's physical properties as of June 30, 1941, less observed and determined depreciation, was \$7,892,174 greater than original cost less book reserves, that the present reproduction cost of the physical properties of the Michigan Gas Transmission Corporation, similarly ascertained, was \$2,933,808 in excess of actual cost less book reserves, and that Panhandle Eastern's leaseholds have a present market value \$7,384,626 greater than the net investment therein as shown by its books. The rejected evidence tended to establish a reproduction cost or replacement value, less observed depreciation, for all of the petitioners' property of \$83,957,083.

The ruling of the trial examiner excluding this evidence was approved by the Commission in its opinion of September 23, 1942. The reasons given by the Commission for its approval of the exclusion of the evidence of reproduction cost are, in substance: that \6(a) of the Natural Gas Act [15 U.S.C.A. §717e(a)] provides that "The Commission may investigate and ascertain the actual legitimate cost of the property of every natural gas company the depreciation therein, and, when found necessary for rate-making purposes, other facts which bear on the determination of . such cost or depreciation and the fair value of such property;" that there is no need for estimating the cost of petitioners' property; that petitioners' cost records are accurate, complete and properly maintained; that their plant was constructed in recent years and there is no difficulty in ascertaining from petitioners books the actual legitimate cost of or investment in their property; that the Commission has held that reproduction cost evidence is inherently fallacious and should be disregarded under the statute; that the defects of such evidence have been pointed out by the Supreme Court of the United States; that it seems evident that Congress recognized the fallacy of the reproduction cost doctrine and sought by the enactment of

6(a) to do away with that concept of rate-making; that the Supreme Court, in Federal Power Commission v. Natural Gas Pipeline Co., 315 U.S. 575, 586, said:

"The Constitution does not bind rate-making bodies to the service of any single formula or combination of formulas. Agencies to whom this legislative power has been delegated are free, within the ambit of their statutory authority, to make the pragmatic adjustments which may be called for by particular circumstances;"

that, in a concurring opinion in that case, Justices Black, Douglas, and Murphy said (p. 606 of 315 U.S.):

"As we read the opinion of the Court, the Commission is now freed from the compulsion of admitting evidence on reproduction cost or of giving any weight to that element of 'fair value.' The Commission may now adopt, if it chooses, prudent investment as a rate base — the base long advocated by Mr. Justice Brandeis. And for the reasons stated by Mr. Justice Brandeis in the Southwestern Bell Telephone Co. v. Public Service Commission, 262 U.S. 276], there could be no constitutional objection if the Commission adhered to that formula and rejected all others."

that the Commission has been authorized by Congress to determine in the first instance the actual legitimate cost of utility properties and the depreciation therein; that the rate base is such cost less existing depreciation, plus necessary working capital; that it is certain from the record that no necessity exists requiring consideration of other facts in determining a rate base in these proceedings.

The petitioners assert that the power granted to the Commission under the Natural Gas Act to reduce rates can be exercised only if the Commission, after a full and fair hearing, shall determine that existing rates are unjust, unreasonable, unduly discriminatory or preferential [\$5(a) of the Act; 15 U.S.C.A. \$717d]; that the duties of i.e. Commission are of a quasi judicial character; that it must receive and consider any evidence that might or could be

determined by a fair-minded person to be material in reaching a determination of the ultimate fact, namely, a fair price for the commodity sold or the service rendered; that, in determining the just and reasonable return to be allowed, any and all evidence which is relevant must first be admitted and considered.

Apparently no court has as yet ruled that the Federal Power Commission may, in a rate hearing, refuse to receive and consider evidence of replacement or reproduction cost of the properties of a company subject to the Natural Gas Act. It was held, in effect, in the case of Federal Power Commission v. Natural Gas Pipeline Co., 315 U.S. 575, 586, 606-607, and in the Hope Natural Gas Company cases, 320 U.S. 591, 602-605, that the Commission was not bound to give weight to such evidence in determining rates.

Nevertheless, the question whether the refusal of the Commission to receive the evidence of reproduction or replacement cost or value offered by the petitioners amounted to a denial of due process is not free from doubt. That \$6(a) of the Natural Gas Act authorizes the Commission to reject evidence which it regards as not "necessary for rate making purposes" is questionable. There is little to indicate that Congress, in enacting \$6(a), intended to change the law of evidence. That section apparently relates to the investigation and ascertainment by the Commission of material facts relevant to the question of "fair value", and probably has no controlling effect upon the admissibility of evidence at a rate hearing.

In Donnelly Garment Co. v. National Labor Relations Board, 8 Cir., 123 F.2d 215, 224, this Court said:

"That a refusal by an administrative agency such as the National Labor Relations Board to receive and consider competent and material evidence offered by a party to a proceeding before it, amounts to a denial of due process is not open to debate."

And:

different conclusion had the rejected evidence been received, is entirely beside the point. The truth is that a controversy tried before a court or before an administrative agency is not ripe for decision until all competent and material evidence proffered by the parties has been received and considered."

Phis is a correct statement of the law. The respondents do not contend to the contrary, but deny the applicability of the rule in the instant case. The evidence rejected in the Donnelly Garment Company case was competent, relevant and material. It bore directly upon the issue being tried by the National Labor Relations Board, namely, whether an independent union of the employees of the Donnelly Garment Company was company dominated or not. The basis for rejecting the evidence in that case was, in substance, that it was not worthy of belief and would not be credited.

The case of Pittsburgh Plate Glass Co. v. National Labor Relations Board, 313 U.S. 146, indicates that the rejection of relevant evidence by an administrative agency does not always constitute a denial of due process. In that case the question before the Board was whather all of the employees at all of the plants of the Glass Company constituted an appropriate unit for collective bargaining or whether the enfoloyees at the Crystal City plant of the company, who had an independent union of their own and wanted to have their own bargaining representative, should be considered a separate unit. The Board determined to disregard the wishes of the employees at the Crystal City plant, and excluded evidence thereof. The Board had a wide discretion with respect to the selection of the appropriate unit for the purposes of collective bargaining. The Glass Company contended that, in rejecting relevant evidence as to the wishes and situation of the employees at the Crystal City plant, the Board had denied a fair hearing. This

Court, on review of the Board's order, thought that, under the circumstances of that case, the rejection of the evidence did not amount to a denial of due process. (Pittsburgh Plate Glass Co. v. National Labor Relations Board, 8 Cir., 113 F.2d 698, 703.) The Supreme Court affirmed, saying (page 163 of 313 U.S.):

"Further, if we consider all the contentions about exclusion of evidence together instead of separately, we do not find that in the aggregate the evidence excluded could have materially affected the outcome on the appropriate unit issue, in the light of the criteria by which the Board determined that issue."

Mr. Justice Stone, in expressing his dissent and that of Mr. Chief Justice Hughes and Mr. Justice Poberts, said in conclusion (page 177 of 313 U.S.):

"One of the most important safeg@ards of the rights of litigants and the minimal constitutional requirement, in proceedings before an administrative agency vested with discretion, is that it cannot rightly exclude from consideration facts and circumstances relevant to its inquiry which upon due consideration may be of persuasive weight in the exercise of its discretion. Interstate Commerce Commission v. Chicago, R. I. & P. Ry Co., 218 U.S. 88, 102; St. Joseph Stock Yards Co. v. United States, 298 U.S. 38, 75, 78; Ohio Bell Telephone Co. v. Commission, 301 U.S. 292, 304, 305."

The inajority opinion of the Supreme Court in the Pittsburgh Plate Glass Company case indicates that where an administrative agency has authority to choose the criteria determinative of an issue of fact, it may reject evidence which has no materiality in view of the criteria adopted, and that, under those circumstances, the rejection of such evidence is not a denial of due process.

The Federal Power Commission is not bound "to the service of any single formula or combination of formulas" (Federal Power Commission v. Natural Gas Pipeline Co., supra, p. 586 of 315 U.S.) in fixing rates. It follows that the

Commission may, for rate-making purposes, select any permissible formula or combination of formulas which it considers appropriate under the circumstances. While one may reasonably believe that the Commission should in any case receive all evidence which is relevant and material under any theory of rate making, we think it cannot be said, in view of the majority opinion in the Pittsburgh Plate Glass Company case (313 U.S. 146), that the rejection of evidence of reproduction cost or of market or replacement value in the case before us amounted to a denial of due process requiring a remand of the proceeding to the Commission. It is, of course, apparent from the opinion of the Commission that the remand of this proceeding so that the evidence offered and rejected might be received, considered, and then disregarded by the Commission, would be a useless formality. The Commission has. stated that it regards such evidence as valueless under the circumstances of this case, and considers that the legitimate cost or prudent investment formula is alone applicable. While the importance of requiring administrative agencies to observe the minimal requirements of due process cannot be over emphasized, practical considerations are not to be completely ignored in determining whether a case shall be remanded, where the rights of a party have not been prejudiced by the rejection of evidence which, though admissible, is immaterial in the light of permissible criteria adopted by an agency for determining the issue before it. Moreover, for the purpose of review, this Court may assume that the proffered evidence, if admitted, would have proved all that the petitioners claim for it, namely, that the reproduction cost of their property, less observed depreciation, on June 30, 1941, was \$83,957,083.

2, ,

The second question is whether the Commission erroneously assumed jurisdiction over the petitioners' production and gathering of natural gas.

Section 1(b) of the Natural Gas Act [15 U.S.C.A. §717(b)] reads:

"The provisions of this Act shall apply to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale for altimate public consumption for domestic, commercial, industrial, or any other use, and to natural-gas companies engaged in such transportation or sale, but shall not apply to any other transportation or sale of natural gas or to the local distribution of natural gas or to the facilities used for such distribution or to the production or gathering of natural gas."

The basis for the petitioners' assertion that the Commission unlawfully exercised jurisdiction over their facilities used in the production of natural gas seems to be that the inclusion in the rate base of the depreciated book cost of such facilities, instead of their present enhanced market value, was erroneous and amounted to an abuse of power.

Petitioners claimed before the Commission, and offered to prove, that leaseholds which were carried on their books at less than \$1,000,000 had a market value of about \$8,400,000. In their reply brief on reargument, petitioners concede the right of the Commission to value their production property, but state that —

"Their objection to the Commission's procedure is that it refused to admit evidence from which such a valuation could have been made. Having refused to admit that evidence, it erred in entering an order which, in effect, limits petitioners' earnings from their production and gathering properties to a return far below that which would have resulted had the Commission determined the value of the gas through a consideration of the present value of petitioners' production and gathering properties. The entering of this arbitrary order after the exclusion of evidence from which the value of the gas at the point where it enters the interstate pipe line could have been determined necessarily constituted an exercise of jurisdiction over produc-

tion and gathering, a jurisdiction expressly withheld from the Commission."

That is saying, in effect, that the jurisdiction of the Commission extends to making a valuation of petitioners' gathering and production facilities, for rate-making purposes, provided that the Commission does not use a method or apply a formula which results in an underestimate of the value of the gas produced. If there is an infirmity in the Commission's determination of the amount which should be included in the rate base as the cost or value of such facilities, we think the infirmity arises from the method used in making the valuation, and not from any lack of jurisdiction. Since the Commission was not obliged to adopt reproduction or replacement cost in determining "fair value" for rate-making purposes, but could adopt the actual cost or prudent investment formula as a basis, it is impossible for us to say that the Commission exceeded its power in not including in the rate base the present market value of petitioners' leaseholds. The Commission could, no doubt, have increased the rate base by the enhancement in market value of the leaseholds, but we think it was not compelled to do so.

3

The third question is whether the order is invalid because of the Commission's failure to make an allocation or segregation of revenues derived from direct sales of gas to customers for their own use.

Concededly, the Commission has not fixed the petitioners' rates for such sales, and has only prescribed reduced rates for interstate sales of natural gas for the purpose of resale. The petitioners assert, however, that the necessary effect of the Commission's order is to reduce their rates and revenues on all sales and to deprive them of substantial profits from direct sales, and amounts to an as-

sumption of jurisdiction over a part of their business which the Commission may not regulate.

The reasons given by the Commission for declining to make an allocation or segregation of revenues are that the direct sales are made to 19 industrial customers on an interruptible basis, and at prices fixed by competition with other fuels; that no plant capacity has been provided for the direct industrial customers; that deliveries to them are made only when there is excess capacity not required by wholesale customers; that \$128.848 of the entire investment in plant (less than one-sixth of one per cent) is used exclusively in the service of the direct sales; that petitioners treat their entire business as a unit and make no segregation of costs or profits as between the two classes. of sales; that the incidental direct industrial business of petitioners is in reality a by-product of the wholesale business, comparable to the petitioners' gasoline extraction business; and that there is no showing that the direct sales are so distinct and separate from the general wholesale business that the two cannot be considered together.

The respondents deny that an allocation or segregation of the revenues and expenses attributable to direct sales would have materially affected the result or that the Commission's order reduces the petitioners' income from direct sales. The respondents contend that the order of the Commission gives the petitioners more than the return on direct sales which they contended in their evidence they were entitled to receive. The petitioners, however, assert that the order of the Commission takes from them approximately one-half of the revenue of \$1,000,828 a year derived from direct sales.

The record indicates that the 1941 revenue of petitioners from direct industrial sales less expenses, but before Federal income taxes, was \$1,000,828; that a fair allocation of

this revenue would be to treat one-half of it as derived from direct sales; and that the net amount properly attributable to that nonregulated portion of the business would be \$319,656 (\$500,414 return less \$180,758 income taxes at 1941 tax rates). Under the Commission's order, the petitioners are allowed a 61/2% return (\$4,363,925) on their entire business. Under the method of allocation proposed by an expert witness of the Commission, \$4,017,878 of the return would be attributable to sales at wholesale (subject to regulation), and \$346,047 to direct industrial sales (not subject to regulation). There is in the record a substantial basis for the Commission's conclusion that, in determining reasonable rates for sales of natural gas subject to regulation, it was unnecessary to make a segregation of revenues attributable to sales not subject to regulation, and that, if a segregation had been made, it would not materially have affected the result.

In determining whether the wholesale rates of a naturalgas company subject to the Act are unreasonable, the Commission is, no doubt, obligated to give appropriate consideration to the fact that the revenues of the company derived from direct sales to customers are not subject to regulation. A failure of the Commission to give appropriate effect to that fact, unless arbitrary or capricious, does not. we think, deprive the Commission of its jurisdiction to make a rate order with respect to sales which are subject to regulation. Jurisdiction to decide a doubtful question of fact includes jurisdiction to decide it either correctly or incorrectly. Pittsburgh Plate Glass Co. v. National Labor Relations Board, 8. Cir., 113 F.2d 698, 701. The adjustments made necessary by reason of the fact that certain of the sales and revenues of the petitioners are not subject to regulation are, we think, "pragmatic adjustments * * called for by particular circumstances" (Federal Power Commission v. Natural Gas Pipeline Co.,

315 U.S. 575, 586), which the Commission has power to make.

4.

The last question for consideration is whether the return allowed by the Commission has been shown to be unjust, unreasonable or confiscatory.

The opinion of the Supreme Court in the Hope Natural Gas Company cases indicates to us that, aside from quesations relating to procedural due process and to jurisdiction, a reviewing court may interest itself only in the effect of the Commission's order. The court cannot concern itself with the Commission's choice of formulae or the propriety of the methods employed by it in reaching its conclusion, but only with the consequences of the order made. If the effect of the order is to deny to the utility a return sufficient reasonably to meet its necessities and to enable it to continue to render adequate public service, the order is arbitrary and confiscatory and may be set aside. It seems apparent that the Supreme Court is presently of the opinion that, within broad limits, the Federal Power Commission should be freed from judicial interference in regulating rates of natural-gas companies. It is evidently no longer necessary for a reviewing court to consider many, of the doubtful and debatable questions which ordinarily arise in every rate case, such as: Whether replacement or reproduction cost less observed depreciation, or prudent investment, or historical cost, shall be used as a rate base; whether proper allocation of revenues which are subject to regulation and revenues which are not subject to regulation has been made by the Commission; whether the cost or value of items of property which, for reasons deemed sufficient by the Commission, have been excluded by it from the rate base should have been included; whether the Commission has given due consideration to every

pertinent fact; and whether the reasoning of the Commission which underlies is final determination is sound or unsound.

The order of the Commission must be affirmed unless the petitioners have made a convincing showing that it is unreasonable in its consequences because the return allowed is insufficient to enable them to meet their expenses of operation, to pay interest on their bonds and dividends on their stock, to maintain their credit, and to attract capital, or is clearly out of line with the returns on investments in enterprises involving comparable risks.

In the Hope Natural Gas Company cases, original investment or actual cost had been estimated at about \$70,000,000, of which \$17,000,000 had been charged to operating expenses. The Commission found "actual legitimate cost" to be \$51,975,416. From this it deducted \$22,328,016 for depletion and depreciation. It added \$1,392,021 for future net capital additions, \$566,105 for

²In Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591, 602-603, the Supreme Court salt:

[&]quot;We held in Federal Power Commission v. Natural Gas Pipeline Ce. supra [315 U.S. 575], that the Commission was not bound to the use of any single formula or combination of formulae in determining rates. Its ratemaking function, moreover, involves the making of pragmatic adjustments. Id., p. 586. And when the Commission's order is challenged in the courts, the question is whether that order 'viewed in its entirety' meets the requirements of the Act. Id., p. 586. Under the statutory standard of 'just and reasonable' it is the result reached not the method employed which is controlling. Cf. Los Angeles Gas & Electric Corp. v. Railroad Commission, 289 U.S. 287, 304-305, 314; West Ohio Gas Co. v. Public Utilities Commission (No. 1), 294 U.S. 63, 70; West v. Chesapeake & Potomac Tel. Co., 295 U.S. 662, 692-693 (dissenting opinion). It is not theory but the impact of the rate order which counts. If the total effect of the rate order cannot be said to be unjust and unreasonable, judicial inquiry under the Act is at an end. The fact that the method employed to reach that result may contain infirmities is not then important. Moreover, the Commission's order does not become suspect by reason of the fact that it is challenged. It is the product of expert judgment which carries a presumption of validity. And he who would upset the rate order under the Act carries the heavy burden of making a convincing showing that it is invalid because it is unjust and unreasonable in its consequences. Cf. Railroad Commission v. Cumberland Tel. & T. Co., 212 U.S. 414; Lindheimer v. Illinois Bell Tel. Co., supra [292 U.S. 151] pp. 164, 169; Railroad Commission v. Pacific Gas & Electric Co., 302 U.S. 388, 401.

[&]quot;The rate-making process under the Act, i.e., the fixing of just and reasonable' rates involves a balancing of the investor and the consumer interests.

useful unoperated acreage, and \$2,125,000 for working capital. This produced a rate base of \$33,712,526, which was about one-half of the amount claimed by the company to have been actually invested, and was also about one-half of estimated reproduction cost less depreciation. The allowed return of 6½% upon this rate base gave the Hope Natural Gas Company an annual return of \$2,191,314, as compared with a return of \$5,801,171 during the test year 1940.

In the instant case, petitioners assert that the "prudent investment" (as of December 31, 1941) upon which they were entitled to earn a fair return was at least \$75,725,676. As already stated, the Commission found actual legitimate cost to be \$78,814,292; deducted \$12,596,987 for depreciation; and added \$920,000 for working capital; producing a rate base of \$67,137,305. The Commission declined to include in the rate base \$4,944,820 invested in construction work in progress, and budget estimates of \$6,372,100 to complete construction. The Commission found that the facilities under construction were to meet new demands for

Thus we stated in the Natural Gas Pipeline Co. case that 'regulation does not insure that the business shall produce net revenues.' 315 U.S. 1. 590. But such considerations aside, the investor interest has a legitimate concern with the financial integrity of the company whose rates are being regulated. From the investor or company point of the it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. Cf. Chicago & Grand Trunk Ry. Co. v. Wellman, 143 U.S. 339, 345-346. By that standard the return to the equity ewner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital. See Missouri ex rel. Southwestern Bell Tel. Co. v. Public Service Commission, 262 U.S. 276, 291 (Mr. Justice Brandeis concurring). The conditions under which more or less might be allowed are not important here. Nor is it important to this case to deterfine the various permissible ways in which any rate base on which the return is computed might be arrived at. For we are of the view that the end result in this case, cannot be condemned under the Act as unjust and unreasonable from the investor or company viewpoint."

The court also said (page 605 of 320 U.S.):

^{*} Rates which enable the company to operate successfully, to maintain its financial integrity, to attract capital, and to compensate its investors for the risks assumed certainly cannot be condemned as invalid, even though they might produce only a meager return on the so-called 'fair value' rate base."

service to territory not already served by the petitioners, the revenues from which could not be estimated. The 61/2% return allowed by the Commission gave petitioners a return of \$4,363,925 annually over and above expenses of operation and allowances for depreciation, depletion, amortization, and taxes. The petitioners' long-term debt as of February 28, 1942, was \$33,254,500. The annual interest cost upon it was determined to be 2.88%, or \$957,730. The preferred stock outstanding was \$16,000,000, and the dividend cost upon it was found to be 5.87%, or \$939,200 annually. Therefore, the service cost on bonds and preferred stock is \$1,896,930 per annum; leaving \$2,466,995 as earnings for the comon stock. Petitioners have come mon stock outstanding to the amount of \$20,184,175. annual return upon common stock under the rates allowed by the Commission exceeds 12%, Petitioners, however, contend that they are entitled to at least a 12% return on their common stock and surplus, which together amount to \$27,294,990. They state that unless they have such a return the common stock will not be attractive to purchasers. They argue that the least amount they should be allowed to earn upon common stock and surplus is, \$3,275,399, and that the return allowed by the Commission is about \$800,000 short of being adequate. They also refer to the fact that sinking fund requirements and necessary · additions to surplus will or may prevent adequate distributions of earnings to common stockholders.

It is, to say the least, doubtful that earnings of approximately \$2,500,000 annually (9%) upon the common stock and surplus of petitioners — whether such earnings are distributed each year or accumulated — would make the petitioners' securities unattractive to purchasers. The evidence indicates that such a return compares not unfavorably with the returns upon similar investments involving comparable risks. In any event, there is nothing in the opinion in the Hope Natural Gas Company cases to

justify a belief that this Court could successfully substitute its judgment for that of the Commission with respect to the debatable question whether the return allowed the petitioners is sufficient to attract investors, or that we sould invalidate the Commission's order upon the theory that the return allowed is obviously so unfair and inadequate as to be confiscatory.

Attention should be directed to the fact that the order complained of is not final and irrevocable. Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591, 615. It must be assumed that if actual experience demonstrates that the rates as reduced by the Commission are unreasonably low, the Commission will allow the petitioners to increase their rates. This Court cannot presume that if either unreasonably low or unreasonably high interim rates are prescribed by the Commission, they will be perpetuated. We regard the order under review as a preliminary one made to cover a reasonable test period and subject to change by the Commission if experience shall prove that the rates fixed are either too low or too high.

Unless we have misconceived the teachings and implications of the opinion of the Supreme Court in the Hope Natural Gas Company cases, the standards by which the validity of the Commission's order is to be judged require its affirmance.

We shall, of course, retain jurisdiction over the funds which have been and are being impounded under the stay order which was granted by this Court to preserve the status cuo pending the final determination of this case.

The mandate of this Court will be withheld for sixty days to allow the petitioners to apply to the Supreme Court for certiorari. If certiorari is applied for within that time, the mandate will be retained until the applica-

tion is ruled upon, and, if it is granted, until the case is finally determined.

The order of the Commission is affirmed.

RIDDICK, Circuit Judge, dissenting.

I agree with the result reached by the majority on all points decided except on the question concerning the refusal of the Commission to make an allocation as between the interstate sales and transportation of petitioners, subject to the Commission's jurisdiction, and their interstate sales and transportation beyond the jurisdiction of the Commission. Heretofore, the Commission has recognized the necessity of such an allocation and has made it. Re Interstate Natural Gas Co., Inc., 48 PUR (NS) 267, 279; Re Canadian River Gas Co., et al., 43 PUR (NS) 205, 231; Re Cities Service Gas Co., 50 PUR (NS) 65, 89. That a separation of transactions within and beyond the jurisdiction of the Commission is required by the Natural Gas Act, and must be made in order that "regulation may be confined to its permitted field" is held in Colorado Interstate Gas Co. v. Federal Power Commission, 10 Cir., decided May 16, 1944. Here the Commission has admittedly refused to observe the limit upon its jurisdiction, fixed by Congress. In this situation it seems to me idle to inquire whether the Commission's order, call it a "pragmatic adjustment" or what-not, does or does not result in confiscation of petitioners' property, or whether it is less or more favorable to petitioners than would have been the case had the Commission confined itself to its permitted field. It is enough to require a remand of this proceeding that the Commission has exceeded the statutory limitation on its powers.

[fol. 7226]

(Judgment.)

United States Circuit Court of Appeals
Eighth Circuit.

May Term, 1944.

Tuesday, June 6, 1944.

Panhandle Eastern Pipe Line Company, a corporation, Illinois Natural Ges Company, a Corporation, and Michigan Gas Transmission Corporation, a Corporation, Petitioners,

No. 12466 vs.

Federal Power Commission, City of Detroit, Michigan, County of Wayne, Michigan, Michigan Consolidated Gas Company, a Corporation, and Michigan Public Service Commission.

On Petition to Review and Set Aside Order of Federal Power Commission.

This cause came on to be heard on the petition to review and set aside the order of the Federal Power Commission dated September 23, 1942, as amended October 12, 1942, and was argued by counsel.

On Consideration Whereof, It is now here Ordered and Adjudged by this Court that the order of the Federal Power Commission in this cause be, and the same is hereby, affirmed without taxation of costs in this Court in favor of either of the parties.

It is further Ordered by this Court that jurisdiction over the funds which have been and are being impounded under the stay order which was granted by this Court to [fol. 7227] preserve the status quo pending the final determination of this case be, and is by the Court hereby, retained.

And it is further Ordered by this Court that issuance of mandate in this cause be withheld for a period of sixty days from and after this date to allow the petitioners to apply to the Supreme Court of the United States for a writ of certiorari. If certiorari is applied for within that time the mandate will be retained until the application is ruled upon, and, if it is granted, until the case is finally determined.

June 6, 1944.

[fol. 7228]

(Clerk's Certificate.)

United States Circuit Court of Appeals Eighth Circuit

I, E. E. Koch, Clerk of the United States Circuit Court of Appeals for the Eighth Circuit, do hereby certify that the foregoing transcript composed of sixteen volumes, Volume I consisting of pages a to 512, inclusive, Volume II consisting of pages 513 to 1024, inclusive, Volume III consisting of pages 1025 to 1520, inclusive, Volume IV consisting of pages 1521 to 2016, inclusive, Volume V consisting of pages 2017 to 2512, inclusive, Volume VI consisting of pages 2513 to 3940, inclusive, Volume VII consisting of pages 3041 to 3536, inclusive, Volume VIII consisting of pages 3537 to 4056, inclusive, Volume IX consisting of pages 4057 to 4429, inclusive, Volume X consisting of pages 4431 to 4852, inclusive, Volume XI consisting of pages 4853 to 5267, inclusive, Volume XII consisting of pages 5269 to 5603, sinclusive, Volume XIII consisting of pages 5605 to 5967, inclusive, Volume XIV consisting of pages 5969 to 6243, inclusive, Volume XV consisting of pages 6245 to 6725, inclusive, and Volume XVI consisting of pages 6727 to 7229, inclusive, contains the transcript of. the record on Petition to Review and Set Aside Order of Federal Power Commission as prepared and printed, pursuant to designations, under the rules of the United States Circuit Court of Appeals for the Eighth Circuit, under the supervision of its Clerk, and full," true and complete copies of 'the pleadings, record entries and praceedings, including the opinion, had and filed in the United States Circuit Court of Appeals, except the full [fol. 7229] captions, titles and endorsements omitted in pursuance of the rules of the Supreme Court of the United States, prepared at the direction of counsel for petitioners, in a certain matter in said Circuit Court of Appeals wherein Panhandie Eastern Pipe Line Company, a Corporation, al., were Petitioners, and the Federal Power Commission, et al., were Respondents, No 12466, as full, true and complete as the originals of the same remain on file and of record in my office.

In Testimony Whereof, I hereunto subscribe my name and affix the seal of the United States Circuit Court of Appeals for the Eighth Circuit, at office in the City of St. Louis, Missouri, this 11th day of July, A. D. 1944.

(Seal)

E. E. KOCH.

Clerk of the United States Circuit Court of Appeals for the Eighth Circuit.

[fol. 7230 | SUPPEME COURT OF THE NATES

ORDER ABLOWING CERTIORARI January 3, 1945

On Petition for Writ of Certiorari to the United States Circuit Court of Appeals for the Eighth Circuit.

A motion for leave to file a petition for rehearing and petition for rehearing having been submitted in this case to enlarge the scope of review.

Upon consideration thereof, it is ordered by this Court that the motion for leave to file and petition for rehearing be, and the same are hereby, granted.

The order of November 13, 1944, granting certiorari is vacated. The petition for writ of certiorari herein is granted limited to questions 2 and 3 presented by the petition for the writ.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

(6034)